NATIONAL BANK FINANCIAL

The Week at a Glance

June 3rd, 2022

THE WEEK IN NUMBERS

(May 30th – June 3rd)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	32,899.70	-313.26	-0.94%	-9.46%	-4.85%	17.9
S&P 500	4,108.54	-49.70	-1.20%	-13.80%	-2.01%	20.3
Nasdaq Composite	12,012.73	-118.40	-0.98%	-23.22%	-11.77%	22.9
S&P/TSX Composite	20,790.73	42.15	0.20%	-2.04%	4.26%	13.8
Dow Jones Euro Stoxx 50	3,783.66	0.56	0.01%	-11.98%	-7.25%	14.0
FTSE 100 (UK)	7,532.95	-52.51	-0.69%	2.01%	6.63%	13.1
DAX (Germany)	14,460.09	-2.10	-0.01%	-8.97%	-7.50%	13.1
Nikkei 225 (Japan)	27,761.57	979.89	3.66%	-3.58%	-4.46%	16.0
Hang Seng (Hong Kong)	21,082.13	384.77	1.86%	-9.90%	-27.22%	10.3
Shanghai Composite (China)	3,195.46	65.22	2.08%	-12.21%	-10.85%	12.0
MSCI World	2,778.30	-24.29	-0.87%	-14.03%	-6.54%	17.1
MSCI EAFE	2,027.20	-8.63	-0.42%	-13.22%	-13.50%	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	235.13	-0.86	-0.36%	-14.10%	-14.51%	17.7
S&P TSX Consumer Staples	795.71	7.20	0.91%	4.28%	15.62%	19.9
S&P TSX Energy	274.58	4.10	1.52%	67.64%	100.09%	10.2
S&P TSX Financials	384.67	-0.03	-0.01%	-4.58%	3.10%	10.4
S&P TSX Health Care	27.04	-1.76	-6.11%	-41.17%	-64.06%	N/A
S&P TSX Industrials	356.40	6.47	1.85%	-6.44%	0.83%	23.5
S&P TSX Info Tech.	135.31	-3.01	-2.18%	-36.25%	-29.54%	44.9
S&P TSX Materials	356.03	0.46	0.13%	8.44%	6.45%	13.5
S&P TSX Real Estate	337.51	-0.70	-0.21%	-15.06%	-2.77%	6.0
S&P TSX Communication Services	199.73	-2.42	-1.20%	2.35%	5.23%	20.4
S&P TSX Utilities	354.45	-1.51	-0.42%	3.23%	9.27%	29.0

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2022E
Oil-WTI futures (US$/Barrels)	$120.31	5.24	4.55%	59.97%	74.84%	$95.00
Natural gas futures (US$/mcf)	$8.54	-0.18	-2.11%	129.03%	180.93%	$4.90
Gold Spot (US$/OZ)	$1,846.10	-5.20	-0.28%	1.02%	-1.34%	$1,921
Copper futures (US$/Pound)	$4.47	0.17	3.91%	0.39%	0.02%	$4.70

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/22e
Cdn$/US$	0.7940	0.0083	1.06%	0.34%	-3.87%	0.82
Euro/US$	1.0718	-0.0009	-0.08%	-5.72%	-11.60%	1.07
Pound/US$	1.2493	-0.0123	-0.97%	-7.66%	-11.42%	1.30
US$/Yen	130.87	3.76	2.96%	13.72%	18.67%	125

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

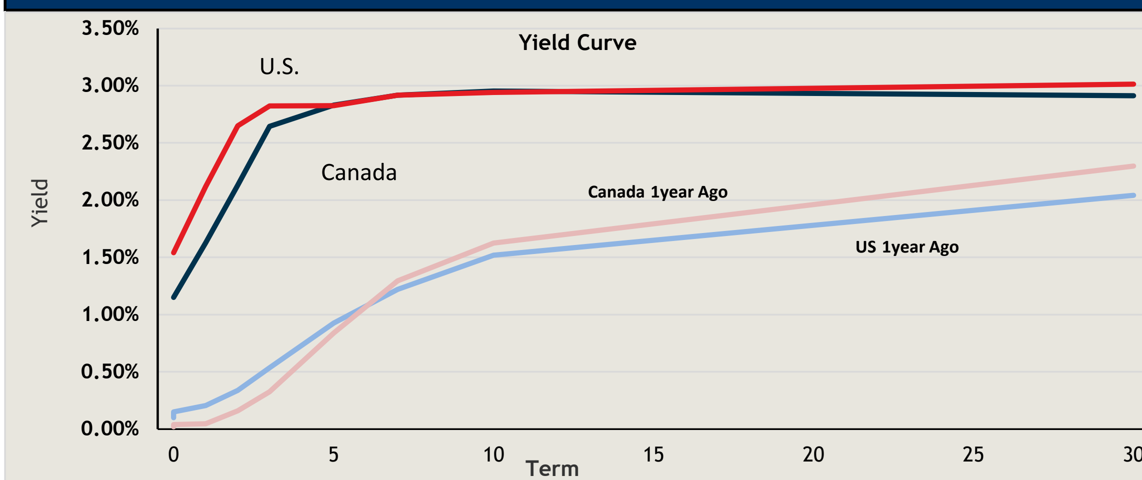
THE WEEK IN NUMBERS
(May 30th – June 3rd)

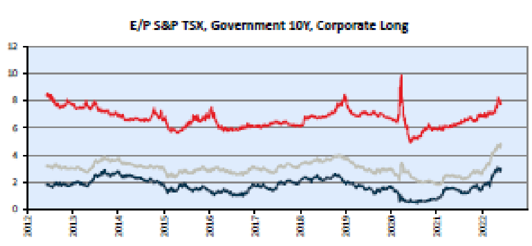
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	1.50%	0.5	CDA 5 year	2.92%	6.5
CDA Prime	3.70%	0.5	CDA 10 year	3.01%	5.7
CDA 3 month T-Bill	1.54%	8.0	CDA 20 year	3.02%	2.1
CDA 6 month T-Bill	2.12%	19.0	CDA 30 year	2.89%	1.6
CDA 1 Year	2.65%	10.0	5YR Sovereign CDS	39.03	
CDA 2 year	2.82%	9.8	10YR Sovereign CDS	40.15	

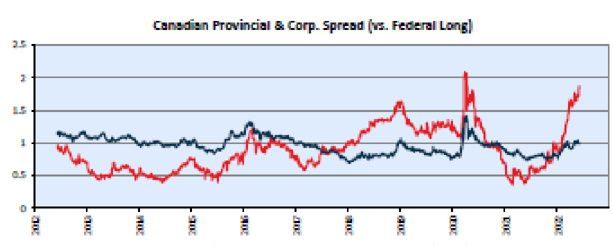
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	0.50-0.75%	0.5	US 5 year	2.92%	-11.1
US Prime	4.00%	0.5	US 10 year	2.91%	-6.6
US 3 month T-Bill	1.15%	22.4	US 30 year	3.08%	6.5
US 6 month T-Bill	1.63%	16.2	5YR Sovereign CDS	15.99	
US 1 Year	2.13%	1.6	10YR Sovereign CDS	23.5	
US 2 year	2.64%	-14.1			

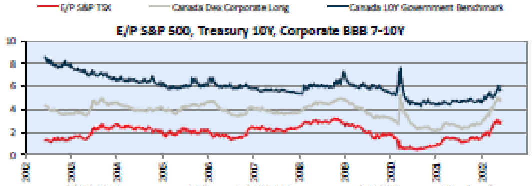
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	-1.03%	-10.79%
FTSE Short Term Bond Index	-0.66%	-4.02%
FTSE Mid Term Bond Index	-1.49%	-10.30%
FTSE Long Term Bond Index	-1.12%	-19.09%

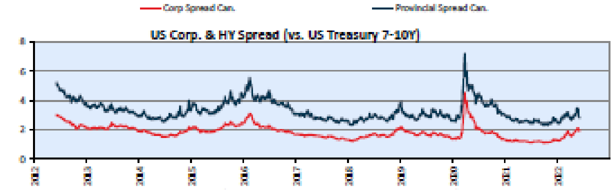
CURRENT YIELD CURVE











Source: Refinitiv & NBF

NBF Economy & Strategy Group

WEEKLY ECONOMIC WATCH

CANADA – For the second consecutive meeting, **the Bank of Canada** opted to raise its overnight rate target 50 basis points, a decision that was fully anticipated by the market and forecasters alike. The move brings the target to 1.50%, half a percentage point shy of the bottom end of the range within which the Bank considers the rate neutral (i.e., 2.0–3.0%). As it did at the last two rate hikes, the Bank also raised its deposit rate by the same increment. In "normal times" this rate is set 25 bps below the bottom end of the overnight target range. As for interest rate guidance, the statement reiterated that "interest rates will need to rise further" (unchanged from April). However, the BoC added more hawkish guidance: "The Governing Council is **prepared to act more forcefully if needed** to meet its commitment to achieve the 2% inflation target." There was nothing new regarding the balance sheet. Since the BoC's decision in April ushering in quantitative tightening, balance sheet run-off is now on autopilot, set to the Bank's bond holdings.

Elsewhere in the statement, the Bank highlighted another upside surprise to inflation "well above the Bank's forecast". They noted that inflation was likely to move even higher in the near term before easing. The statement also stressed the "pervasive" nature of input price pressures feeding into consumer prices, thereby broadening inflation and heightening the risk of elevated inflation become rooted. Regarding growth, the statement underscored that the world economy was slowing. However, it also stressed that Canadian economic activity was "strong" and that the economy was "clearly" operating in excess demand amid widespread labour shortages. Consumer spending was expected to remain "robust" and Q2 growth to be "solid". Finally, regarding the housing market, the statement noted that activity was moderating from "exceptionally high levels". Clearly, the BoC would like to return to a neutral/normal policy setting as soon as possible. As a result, another outsized hike is all but assured in July. However, the sense of urgency (panic?) from the Bank is more acute than we anticipated. While still not our base case, we now feel that the odds of a 75-bp move in July are no longer trivial. Our view is supported by the fact that there will be just one CPI report in the intervening period and we already know that headline inflation will tick up again thanks to higher gas prices. A further significant broadening of core inflation could tip the scales.

Though it is clear that the Bank will remain hawkish in the near term, a key question remains: Will the BoC have to hike rates into restrictive territory (i.e., above 3%) late this year or early next? We expected the Bank to slow the pace of rate hikes after July (i.e., to 25-bp moves), ultimately tapping out at 2.50% before the year was out. However, the level of concern conveyed in this week's statement suggests that outsized rate moves might continue for longer, making an outright restrictive policy setting more likely.

Canadian GDP expanded an annualized 3.1% in the first quarter of the year, a result below consensus expectations (+5.2%), after growing 6.6% in Q4. The latest gain hoisted economic output 0.8% above its pre-crisis level. Final demand remained strong in Q1, expanding 4.8% annualized. Residential investment (+18.1%), business investment in non-residential structures, machinery and equipment (+9.0%), government investment (+5.0%), and household consumption (+3.4%) all contributed to the increase. Spending on services continued to recover (+3.0% q/q annualized), while consumption on goods expanded 3.8%. Relative to their pre-crisis levels, services consumption was still down 2.1% while spending on goods was up 5.3%. Trade had a negative impact on growth as a decline in exports (-9.4% q/q annualized) was not cancelled out by lower imports (-2.8%). The build-up in inventory, meanwhile, added 0.6 percentage point to the headline growth figure.

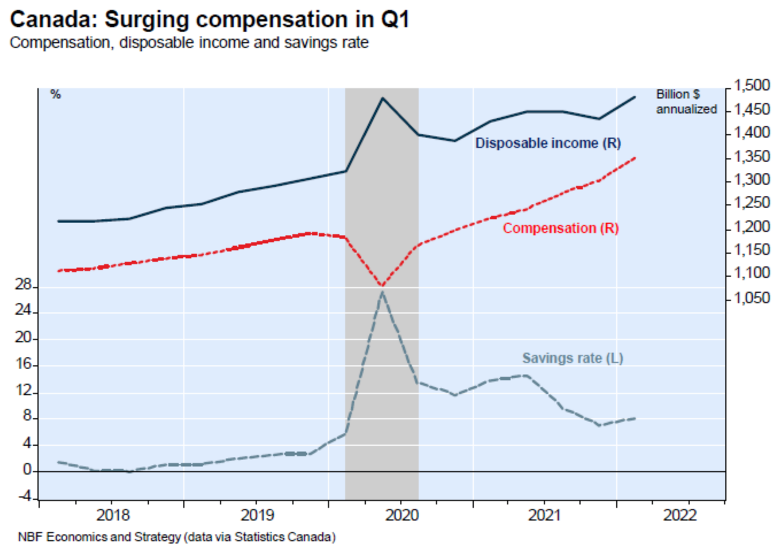
Canada: Final domestic demand contributes positively to growth in Q1

	Contribution (%)	Q/Q annualized growth (%)
GDP	**3.1**	**3.1**
Consumption	1.8	3.4
Business Investment	0.7	9.0
Nonprofit Sector	0.0	-17.9
Residential Investment	1.6	18.1
Government	0.6	5.0
Final Domestic Demand	**4.7**	**4.8**
Exports	-3.1	-9.4
Imports	0.9	-2.8
Trade	**-2.2**	**-**
Inventories	0.6	-
Statistical discrepancy	0.0	-21.2

NBF Economics and Strategy (data via Refinitiv)

NBF Economy & Strategy Group

Nominal GDP grew 15.7% on an annualized basis after expanding 15.2% in Q4. This is good news for the fiscal health of Canadian governments and businesses. Disposable income grew an annualized 14.1% despite most of the federal support being discontinued at this point. The household savings rate consequently bounced back from 6.9% to 8.1%. This was comfortably above this indicator's pre-crisis level (roughly 2.5%).

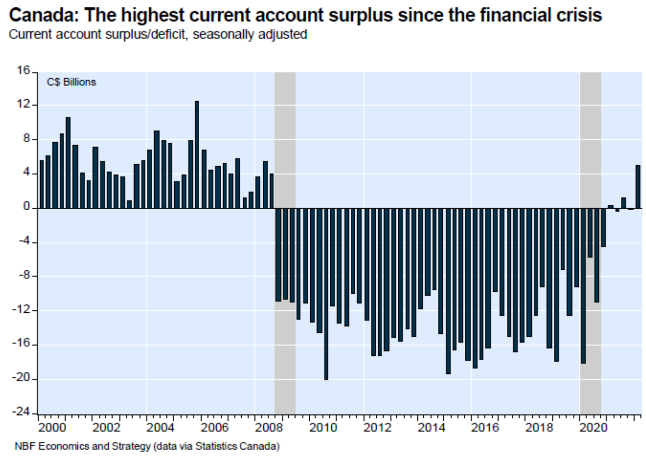


Finally, industry data showed that GDP grew 0.7% in March on increases in both the goods sector (+0.9%) and services-producing industries (+0.6%). Statistics Canada also released an advance estimate for April showing an increase of 0.2% m/m.

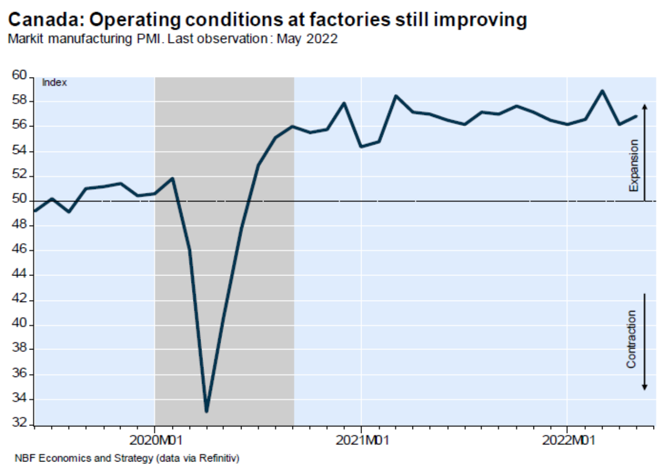
Canada's GDP grew below consensus expectations in the first quarter of 2022, which should not be concerning. The consensus had been upwardly revised in recent months because of the monthly GDP statistics by industry, which were once again misleading. Nevertheless, GDP growth of 3.1% remains respectable, especially with the first month of the year being held back by public health measures. While international trade negatively impacted growth in Q1, domestic demand was very solid. Consumers benefited from strong wage growth in a context of a tight labour market, as evidenced by employee compensation, which rose an annualized 16.1%, its largest quarterly increase since 1981, excluding the third quarter of 2020. In real terms (adjusted for the deflator in consumption), compensation was up a whopping 9.1%. This development, which allowed the savings rate to increase, should alleviate fears of a payment shock provoked by higher interest rates and high inflation still eating into purchasing power in Q2. Since the start of the pandemic, excess savings reached 13.4% of GDP, an interesting cushion for consumers juggling inflation and interest rate hikes. All in all, there is nothing in this report to slow down the central bank's vigour in the short term. Economic growth is in line with its forecast in the last Monetary Policy Report for the first quarter (3.0%) and significant wage pressures are cause for concern. This should reinforce the central bank's conviction that a neutral monetary policy is required as soon as possible to cool down the housing market and brake consumption. Corporate profits are up sharply thanks to record high terms of trade that could encourage investment, particularly in the resource sector. As for governments, with surging nominal GDP, we do not expect austere budgets anytime soon. In other words, reasons abound for remaining positive about the Canadian economy despite global concerns.

The number of **residential building permits** issued jumped 26.5% in March to 350.0K (seasonally adjusted and annualized). This was the highest number of permits issued in a month of April since data began to be collected in 2011. The monthly increase stemmed exclusively from a 37.6% jump in the multi-family segment to 277.6KK. The number of permits for single-family units, instead, decreased 3.4% to 72.6K

The **current account balance** swung back into surplus territory in Q1, as it went from -C$0.14 billion the prior quarter to a 14-year high of +C$5.03 billion. This movement can be explained above all by the goods surplus, the largest since the financial crisis of 2008, which increased for the third straight quarter, rising from C$2.44 billion to C$8.65 billion. On the other hand, the services deficit widened from -C$1.12 to -C$2.23 in part because of a deterioration in the travel services surplus caused by an increase in spending by Canadians abroad for a third consecutive quarter. The quarter was marked also by a widening investment income surplus (from +C$0.694 to +C$1.17) as the direct investment surplus in Canada increased thanks to rising profits.



Manufacturing growth improved in May as evidenced by **Markit's manufacturing PMI**, which rebounded from 56.2 to 56.8. This reading marked the 23nd consecutive monthly improvement in operating conditions for Canadian factories. The easing of COVID-related restrictions and a general improvement in local and foreign demand continued to support new orders. Thanks to this surge in demand and workforce absenteeism, backlogs rose at their fastest pace in six months. To remedy the situation, firms expanded their headcount at their quickest pace in 17 months, but this was not enough to meet growing demand. Input price inflation continued to moderate from March's peak, but the rate of increase remained historically high owing to the rising cost of fuel, materials, transportation, and labour, not to mention the war in Ukraine. Firms passed on some of the increase to their customers as evidenced by the selling price inflation category's reaching its third highest level on record. Looking ahead, despite inflation, firms remained optimistic in May thanks to favourable demand conditions.



UNITED STATES - Nonfarm payrolls rose 390K in May, more than the +318K expected by consensus. This positive surprise was partly offset by a 22K downward revision of previous months' results. Employment in the goods sector jumped 59K, with gains in construction (+36K), manufacturing (+18K) and, to a lesser extent, mining/logging (+5K). Services-producing industries, meanwhile, expanded payrolls by 274K, with notable increases for leisure/hospitality (+84K), professional/business services (+75K), education/health (+74K) and transportation/warehousing (+47K) being only partially offset by a decline for retail trade (-61K). Employment in the public sector advanced 57K. Average hourly earnings rose 5.2% y/y in May, three ticks less than in April but in line with the median economist forecast. Month on month, earnings progressed 0.3%.

Released at the same time, the **household survey** (similar in methodology to Canada's LFS) painted a similar picture of the situation prevailing on the labour market, with a reported 321K gain in employment. This came on the heels of a 353K drop the prior month. The improvement, combined with a one-tick increase in the participation rate (to 62.3%), left the unemployment rate unchanged at a post-pandemic low of 3.6%. Full-time employment surged 733K, while the ranks of part-timers shrank 325K.

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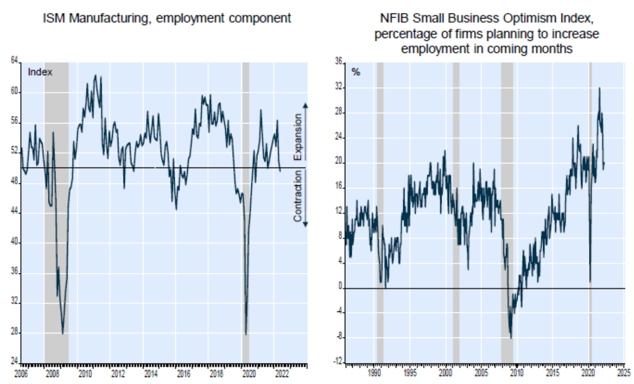
Employment statistics came in slightly better than expected in May with both the establishment and household surveys showing healthy gains. The details of the reports were also reassuring. Private employment and full-time positions registered sizeable increases, as did the sectors that had been most affected by social distancing measures, notably leisure/hospitality and education/health. The unemployment rate, meanwhile, remained at a 50-year low and broader measures of employment such as the employment-to-population ratio (from 60.0% to 60.1%) continued to improve. Meanwhile, the number of long-term unemployed (27 weeks or more) also trended down, from 1,483K to a 23-month low of 1,356K. So, all clear on the employment front? Well, almost all clear. Despite May's strong statistics, there are signs that demand for workers has moderated recently. To be sure, the percentage of firms surveyed by the NFIB which planned to expand their payrolls in coming months has declined lately, as did the number of job openings at the national level. Both remain very high compared to historical standards, which shouldn't worry us too much, except that a trend reversal is also visible in other “soft” indicators. This week’s ISM manufacturing report, for instance, showed a stagnation in employment in May while the Fed's Beige Book flagged “hiring freezes” in some regions.

United States: Is a slowdown in hiring in the cards?

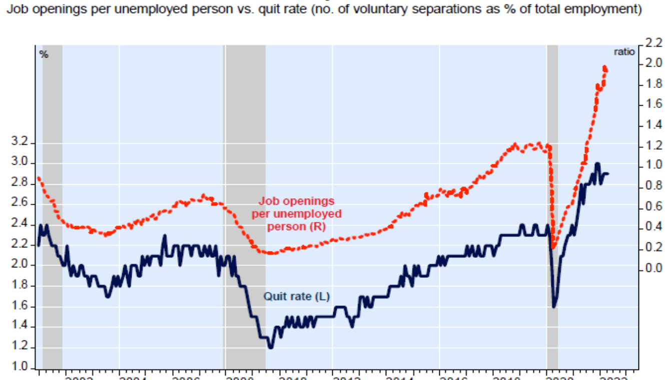


NBF Economics and Strategy (data via Refinitiv)

We do not deny the fact that a slowdown in hiring was to be expected given the dwindling number of workers still on the sidelines, but we also believe these indicators reflect a deterioration in operating conditions for American companies. These currently have to deal with surging input costs, rising wages and an increase in debt servicing costs linked to higher interest rates. All this is putting pressure on their bottom lines. The retail sector seems to have been hit particularly hard judging by the latest financial results published by Wal Mart and Target. Incidentally (or not), the establishment survey noted a decrease in retail jobs in May.

The **Job Openings and Labor Turnover Survey (JOLTS)** showed that positions waiting to be filled declined in April from an all-time high of 11,855K to 11,400K. As a result, the ratio of job offers to unemployed person decreased from a record level of 1.99 to 1.92, which remained extremely elevated on a historical basis. The report also showed that hires declined from 6,645K to 6,586K, a level still 9.3% above this indicator’s pre-pandemic peak. Total separations decreased from 6,248K to 6,033K as quits declined from 4,449K, to 4,424K. The quit rate (i.e., the number of voluntary separations as a percentage of total employment) remained stable at 2.9% for a third month in a row and just short of its peak of 3.0% reached in December 2021. The large number of quits is encouraging in that it may reflect growing confidence among employees and stiffer competition among employers.

United States: Labour market rarely so favourable to workers
Job openings per unemployed person vs. quit rate (no. of voluntary separations as % of total employment)



NBF Economics and Strategy (data via Refinitiv)

NBF Economic & Strategy Group

Initial jobless claims edged down from 210K to 200K in the week to May 28. Continued claims, for their part, declined from 1,343K to a 52-year low of 1,309K. These levels reflect the exceptional vitality of the job market in the United States.

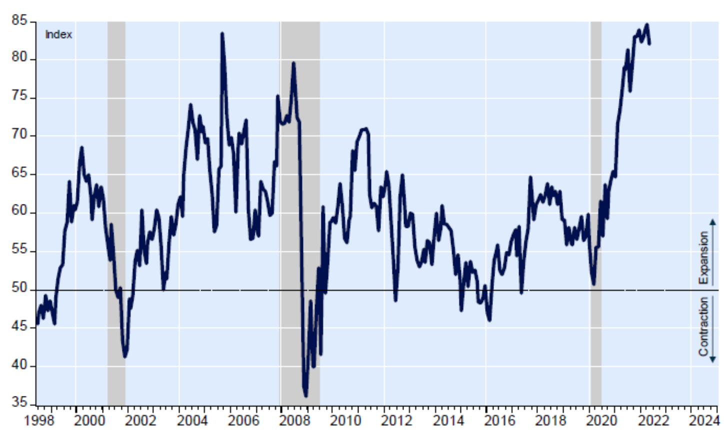
According to the latest edition of the **Fed's Beige Book**, overall economic activity in the United States expanded at a "slight or modest" pace during April and early May, a deterioration from the "moderate" pace reported in the previous report. Manufacturing contacts reported ongoing growth, whereas retail contacts noted some softening as consumers faced higher prices. Residential real estate contacts observed weakness as buyers faced high prices and rising interest rates. The biggest challenge cited most often by the companies surveyed was difficulties with the labour market, followed by supply chain disruptions. The contacts also named rising interest rates, inflation, the war in Ukraine and the increase of Covid-19 cases in some regions as factors negatively affecting their businesses.

The labour market continued to be tight in all segments. Still, employment grew at a "modest or moderate" pace and there were signs of the market loosening slightly. The labour shortage was forcing many firms to operate at less than full capacity. As a result, they were turning more and more to automation, offering greater job flexibility, and raising wages.

Where inflation is concerned, polled businesses reported "strong or robust" price hikes across the nation and especially for input prices. Several contacts said that they were passing on these higher input prices to consumers. However, many respondents said they felt resistance from customers, who were reducing their purchase volumes and switching to less expensive brands.

In May, the **ISM Non-Manufacturing PMI** declined for the fifth time in six months, going from 57.1 to a four-month low of 55.9. This was below the indicator's pre-pandemic level but still consistent with a decent pace of growth in the services economy. Consensus expectations, however, were for the index to slip to a lesser extent (56.5). The new orders sub-index jumped from 54.6 to 57.6. The employment sub-index rebounded as well, going back into positive territory (from 49.5 to 50.2). On the other hand, the sub-indices tracking business activity (from 59.1 to 54.5), supplier deliveries (from 65.1 to 61.3), inventory sentiment (from 46.7 to 44.5), and inventory change (from 52.3 to 51.0) declined, signaling a deceleration of growth. The report also indicated that inflationary pressures remained high among service providers. The Prices Paid Index declined from April's all-time high of 84.6 to a still elevated 82.1. The new export orders sub-index grew from 58.1 to 60.9 indicating more robust growth. Meanwhile, the imports sub-index remained essentially unchanged (from 52.9 to 52.8). Of the 18 industries covered, 14 reported growth in May.

United States: Inflationary pressures remain acute in services sector
ISM Non-Manufacturing PMI, prices paid. Last observation: May 2022



NBF Economics and Strategy (data via Bloomberg)

The **ISM Manufacturing PMI** increased from 55.4 in April to 56.1 in May instead of falling to 54.5 as per consensus. This remained below the indicator's pre-pandemic level but was still consistent with a decent pace of expansion in the goods economy. The new orders (from 53.5 to 55.1) and output sub-indices (from 53.6 to 54.2) signaled a resumption in growth, as both gauges increased after reaching their lowest levels since the onset of the pandemic. Supplier delivery times, for their part, improved from the prior month (from 67.2 to 65.7), but remained high because of persistent supply constraints amid a tight labour market and restrictive Covid-19 measures in China. The employment gauge fell to an eight-month low (from 50.9 to 49.6), suggesting a slower pace of hiring in May. Price increases moderated but continued to be significant, as the price paid sub-index decreased from 84.6 to 82.2. Of the 18 manufacturing industries surveyed, 15 reported growth in May.

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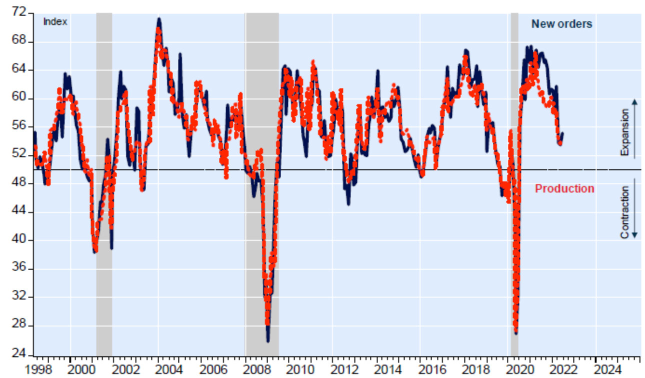
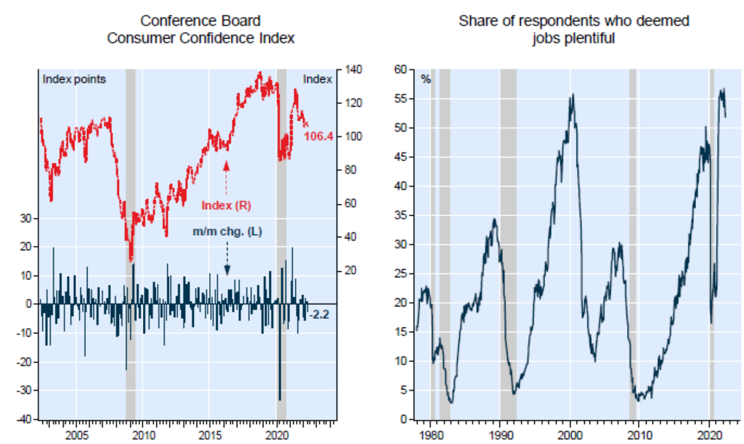
U.S.: Demand remains resilient
ISM Manufacturing PMI, new orders and production sub-index



NBF Economics and Strategy (Source: Markit via Refinitiv)

The **Conference Board Consumer Confidence Index** slid from 108.6 in April to 106.4 in May, which was still better than the 103.6 print expected by consensus. The decline reflected a less optimistic assessment of the present economic situation. Indeed, the corresponding tracker slipped from 152.9 to a still-elevated 149.6 as the share of respondents who deemed jobs plentiful fell from 54.8% to 51.8%. Alternatively, the percentage of polled individuals with a positive view of current business conditions climbed from 20.8% to a ten-month high of 21.1%.

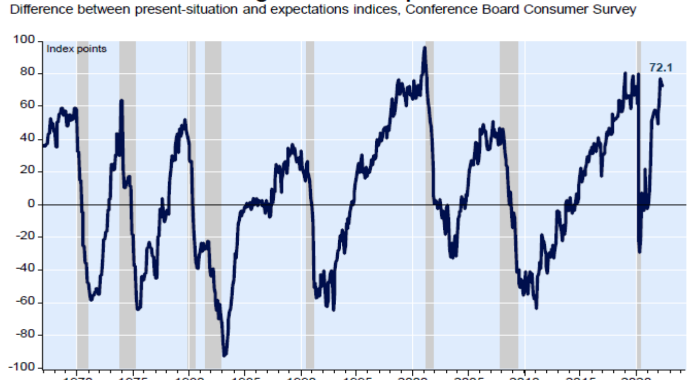
United States: Confidence still buoyed by bright employment prospects



NBF Economics and Strategy (data via Refinitiv)

Longer-term consumer expectations deteriorated and continued to be quite subdued. The sub-index tracking sentiment towards the next six months slid from 79.0 to 77.5, the second-lowest point since May 2016. A bigger share of respondents had a positive outlook on employment (from 18.4% to 18.5%) and income expectations (from 17.8% to 19.0%), but the deterioration of future business conditions (from 18.6% to 17.7%) more than offset these improvements. Polled individuals expected inflation to come in at 7.4% over the next 12 months, a slight decrease from the 7.5% expected in April and five-tenths less than March's all-time record. For May, the difference between the current outlook and the short-term outlook narrowed slightly to 72.1 points but remained elevated on a historical basis. The matter merits attention because large gaps in the past have heralded economic downturns.

United States: Stark divergence between present and future outlook
Difference between present-situation and expectations indices, Conference Board Consumer Survey

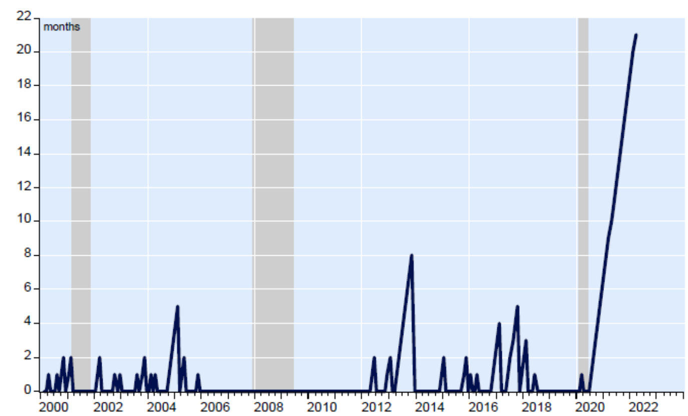


NBF Economics and Strategy (data via Refinitiv)

NBF Economic & Strategy Group

According to the **S&P CoreLogic Case-Shiller 20-City Index**, home prices jumped a seasonally adjusted 2.42% in March after climbing 2.39% the prior month. This was not only the 22nd consecutive monthly increase for this indicator, but also the largest since data collection began in 2000. For the 21st month running, all the cities covered by the index saw increases. Such a long streak of perfect diffusion had never been recorded before. Price gains in March were particularly impressive in Dallas (+3.83%), Tampa (+3.43%), Seattle (+3.39%), Miami (+3.27%), and Denver (+3.22%).

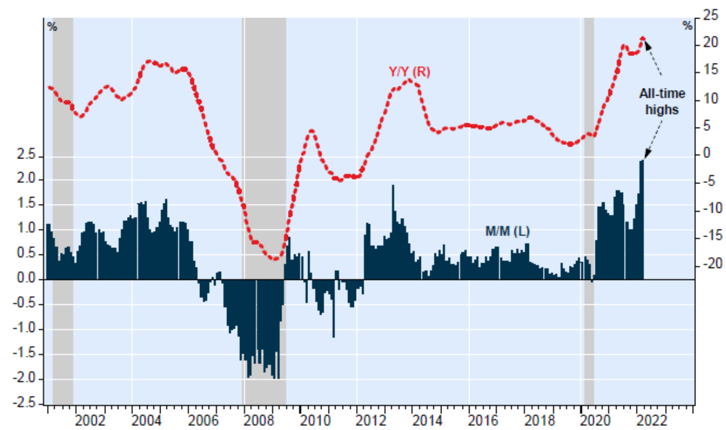
United States: Home prices rising from coast to coast…
No. of consecutive months all 20 markets covered by Case-Shiller index recorded monthly price increases



NBF Economics and Strategy (data via Refinitiv)

Year on year, the index was up 21.2%, the sharpest 12-month gain on record.

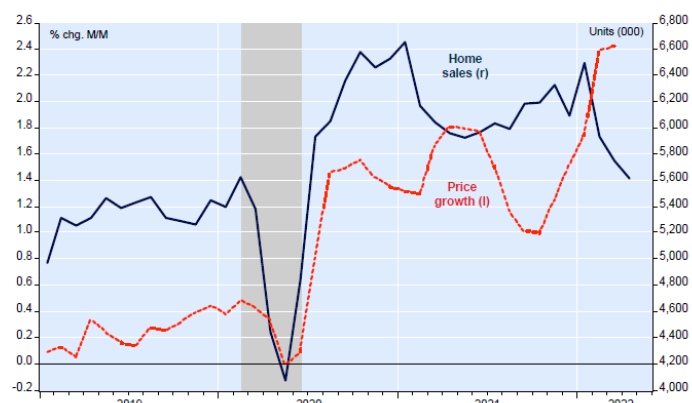
… and at fastest pace on record
S&P CoreLogic Case-Shiller 20-City Home Price Index. Last observation: March 2022



NBF Economics and Strategy (data via Refinitiv)

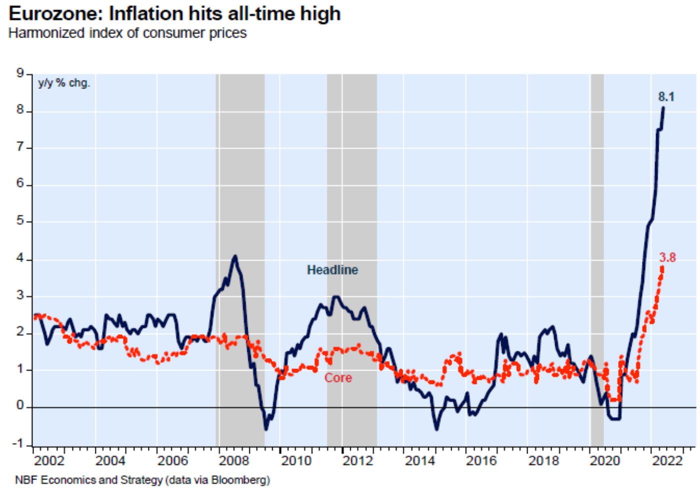
However, we believe that price growth has probably peaked and should be less strong in the coming months. The reasons for this is that existing-home sales in the United States have now declined for three consecutive months and mortgage interest rates have risen sharply. This environment should take pressure off prices in the coming months.

United States: Lower existing property sales should take pressure off prices
Existing home sales and S&P CoreLogic Case-Shiller 20-City Home Price Index M/M change, SA



NBF Economics and Strategy (data via Refinitiv)

WORLD - In the **Eurozone**, the **flash estimate for the Consumer Price Index** showed that prices rose 8.1% y/y in May. This was a stronger print than the one registered in April (7.5%) and the highest reading since inception of the series in the early 2000s. Energy prices spiked 39.2% from their level a year earlier, while the cost of food, alcohol and tobacco climbed 7.5%. The core CPI, which excludes these four items, moved up from 3.5% to a new all-time high of 3.8%.



The **Caixin/Markit manufacturing PMI** for **China** came in at 48.1 in May, a third consecutive month in contraction territory but up from April's 26-month low (46.0). Output remained in contraction territory for the third consecutive month despite rising to 43.2 from 38.5 the month before. New orders fell for the third straight month, while the average supplier's delivery time grew longer. Employment, for its part, was one of the only sub-indexes to show negative growth in the month. "Covid outbreaks in several regions across China continued to weigh on the economy [but] the rate of contraction in manufacturing was lower than the previous month," according to the Markit report. Cost pressures moderated in the month but remained high, with firms affirming that "expenses had risen due to higher cost for raw materials, transport and fuel". Selling prices, for their part, cooled in an attempt to boost demand. Finally, business expectations regarding future output shrank to a five-month low, with companies citing "concerns over the time it will take to contain the virus as well as the Ukraine war".

IN THE NEWS

U.S. and Canadian News

Monday May 30th, 2022

- **BOC faces credibility test in political firestorm over inflation**
  If worrying about an overheating economy wasn't enough trouble, Bank of Canada Governor Tiff Macklem enters a crucial six-week period in his battle against inflation with an unexpected new problem: questions about his own credibility.
- **Canada's balance of international payments, first quarter 2022**
  Canada's current account balance recorded a $5.0 billion surplus in the first quarter of 2022 after posting a small deficit of $137 million in the previous quarter. This surplus, the highest in almost 14 years, was led by the largest goods surplus since the financial crisis of 2008.
- **Fed's Waller backs 50 bps rate hikes until "substantial" reduction in inflation**
  The U.S. Federal Reserve should be prepared to raise interest rates by a half percentage point at every meeting from now on until inflation is decisively curbed, Fed Governor Christopher Waller said.

Tuesday May 31st, 2022

- **Canada's first-quarter growth disappoints, but unlikely to sway BoC on rate hike**
  The Canadian economy grew at an annualized rate of 3.1% in the first quarter, below analyst predictions of 5.4% but in line with the Bank of Canada's forecast of 3.0%. Real GDP likely rose 0.2% in April, preliminary data showed. March GDP rose 0.7%, beating expectations of 0.5%.
- **U.S. consumer confidence dips in May**
  The Conference Board said its consumer confidence index slipped to a reading of 106.4 this month. Data for April was revised higher to show the index at 108.6 instead of the previous reported reading of 107.3.
- **Gold Fields buying Yamana Gold in US$6.7B deal**
  Gold Fields Ltd. agreed to buy Canada's Yamana Gold Inc. for about US$7 billion in an all-share deal that will make the South African miner the world's No. 4 gold producer.

Wednesday June 1st, 2022

- **U.S. job openings fall in April, but still high**
  Job openings, a measure of labor demand, declined by 455,000 to 11.4 million on the last day of April, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report.
- **U.S. manufacturing sector regains speed in May-ISM**
  The Institute for Supply Management (ISM) said that its index of national factory activity rebounded to a reading of 56.1 last month from 55.4 in April. Economists had forecast the index falling to 54.5.
- **U.S. firms show first hints of impact of Fed's policy tightening, survey shows**
  "Retail contacts noted some softening as consumers faced higher prices, and residential real estate contacts observed weakness as buyers faced high prices and rising interest rates," the Fed said in its survey, known as the "Beige Book".
- **Bank of Canada hikes half a point to 1.5%, warns of more moves**
  The Bank of Canada took another aggressive step in its hiking cycle, raising its overnight interest rate by 50 basis points for a second consecutive time and warning that it may be even "more forceful" if needed to tackle inflation.
- **Strong demand bolsters Canadian factory activity in May**
  The S&P Global Canada Manufacturing Purchasing Managers' Index (PMI) rose to a seasonally adjusted 56.8 in May from 56.2 in April.

Thursday June 2nd, 2022

- **U.S. labor market stays strong; unemployment rolls smallest since 1969**
  Initial claims for state unemployment benefits fell 11,000 to a seasonally adjusted 200,000 for the week ended May 28. Economists had forecast 210,000 applications for the latest week.
- **U.S. private payrolls miss expectations in May - ADP**
  Private payrolls rose by 128,000 jobs last month, the ADP National Employment Report showed. Data for April was revised down to show 202,000 jobs added instead of the initially reported 247,000. Economists had forecast private payrolls increasing by 300,000 jobs.
- **U.S. factory orders rise modestly in April**
  The Commerce Department said that factory orders rose 0.3% in April after advancing 1.8% in March. Economists had forecast factory orders would rise 0.7%.
- **Bank of Canada says rates may have to double to 3%, or go even higher**
  It is becoming more likely that the Bank of Canada may need to hike its policy interest rate to 3% or higher, double its current level, to prevent soaring inflation from becoming entrenched, a deputy governor said.

Friday June 3rd, 2022

- **Strong U.S. labor market keeps Fed on aggressive rate hike path**
  The Labor Department's closely watched employment report showed that nonfarm payrolls increased by 390,000 jobs last month. Data for April was revised higher to show payrolls rising by 436,000 jobs instead of 428,000 as previously estimated. the unemployment rate held steady at 3.6% for a third straight month.
- **Toronto home prices fall as sales take another hit in May**
  Home sales in the GTA sank 38.8 per cent in May compared to a year earlier, as 7,283 properties changed hands. The data showed active listings jumped 26 per cent year-over-year in May, while the number of newly-listed homes was essentially flat. The average selling price of a home fell roughly three per cent to $1,212,806 on a non-seasonally adjusted basis.

Click on title to view the full story.

IN THE NEWS

International News

Monday May 30th, 2022

- **German inflation beat firms case for bigger ECB rate hike**
  German consumer prices, harmonised to make them comparable with inflation data across the European Union, increased to 8.7% from 7.8% a month earlier, well ahead of expectations for 8%.
- **COVID-hit Shanghai to end two-month lockdown on June 1**
  Shanghai announced an end to its two-month long COVID-19 lockdown, allowing the vast majority of people in China's largest city to leave their homes and drive their cars from Wednesday. In Beijing, which is fighting its own smaller outbreak, streets were busier as more residents returned to work and public transport curbs were eased. But officials said the emergence of a new case outside of quarantined zones after three clear days showed the tall task of quelling COVID.
- **Japan govt drops timeframe for budget balancing target**
  Japan's government made no mention of a timeframe for balancing the primary budget in its draft mid-year annual long-term economic policy roadmap.

Tuesday May 31st, 2022

- **EU agrees gradual Russian oil embargo, gives Hungary exemptions**
  European Union leaders have agreed an embargo on Russian oil imports that will start kicking in towards the end of the year and which exempts, for now, pipeline imports that Hungary and two other landlocked Central European states rely on.
- **Euro zone inflation hits new record, adding to case for big ECB rate hikes**
  Inflation in the 19 countries sharing the euro accelerated to 8.1% in May from 7.4% in April, beating expectations for 7.7% as price growth continued to broaden.
- **India's March qtr GDP growth at one-year low as prices hit consumers**
  Rising energy and food prices have hammered consumer spending, the economy's main driver, which slowed to 1.8% in the Jan-March period from a year earlier, against an upwardly revised growth figure of 7.4% in the previous quarter.
- **Decline in China's factory activity slows as COVID curbs ease**
  The official manufacturing purchasing managers' index (PMI) rose to 49.6 in May from 47.4 in April, beating forecasts for 48.6. The official non-manufacturing PMI in May rose to 47.8 from 41.9 in April.

Wednesday June 1st, 2022

- **Russia in "failure to pay" credit event, investor committee says**
  A panel of investors determined Russia had triggered a credit event after it failed to pay nearly $1.9 million in interest on a sovereign bond, taking the nation a step closer to its first major external debt default.
- **Euro zone factories struggled in May as consumers switched to leisure activities**
  S&P Global's final manufacturing Purchasing Managers' Index (PMI) fell to 54.6 in May from April's 55.5, its lowest since November 2020, but did come in ahead of a preliminary reading of 54.4..
- **UK manufacturing growth hits 16-month low in May - PMI**
  The final estimate of the S&P Global UK Manufacturing Purchasing Managers' Index (PMI) fell to 54.6 in May from 55.8 in April, unchanged from a preliminary reading.
- **HK retail sales jump in April after two months of decline**
  Hong Kong's retail sales jumped 11.7% in April from a year earlier, ending two consecutive months of declines, with the rebound helped by a receding COVID pandemic and the disbursement of government's consumption vouchers.
- **China's factory activity falls at slower pace on easing curbs - Caixin PMI**
  The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) rose to 48.1 in May from 46.0 the previous month and was slightly above a Reuters poll of 48.0.
- **India's May factory activity remained strong despite inflation worries**
  Manufacturing Purchasing Managers' Index, compiled by S&P Global, came in at 54.6 in May, slightly lower than April's 54.7. It was better than the Reuters poll median prediction of 54.2.

Thursday June 2nd, 2022

- **Producer prices in the euro area are climbing at a record pace of 37.2 percent**
  Producer prices in industry in April were 37.2 percent higher than a year earlier, according to the statistics office Eurostat on Thursday. Economists polled by Reuters had even expected an increase of 38.5 percent. In March, the increase was still at the old record of 36.9 percent.
- **China central bank to step up policy implementation to support economy**
  The People's Bank of China will use various policy tools to step up liquidity injections to maintain ample liquidity in the economy, Pan Gongsheng told a news conference.
- **S.Korea May factory growth slows as output, export orders shrink**
  The S&P Global purchasing managers' index (PMI) fell to 51.8 in May from 52.1 in April but remained above the 50-mark that indicates expansion in activity for the 20th consecutive month.

Friday June 3rd, 2022

- **Euro zone May business growth robust but outlook darkens**
  S&P Global's final composite Purchasing Managers' Index (PMI) fell to 54.8 in May from April's 55.8, just shy of a preliminary 54.9 estimate. A PMI covering the bloc's dominant services industry dropped to 56.1 last month from 57.7, below the 56.3 flash estimate.
- **Japan's service sector activity grows at fastest pace in 6 months**
  The final au Jibun Bank Japan Services Purchasing Managers' Index (PMI) rose to a seasonally adjusted 52.6 from the prior month's final of 50.7. The figure was better than a seasonally adjusted 51.7 flash reading.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Baytex Energy Corp	$7.65	$0.77	11.19%
Jamieson Wellness Inc	$37.83	$3.25	9.40%
Tamarack Valley Energy Ltd	$5.62	$0.47	9.13%
Yamana Gold Inc	$7.16	$0.58	8.81%
Laurentian Bank of Canada	$41.54	$3.29	8.60%
Crescent Point Energy Corp	$12.08	$0.89	7.95%
Parex Resources Inc	$28.85	$2.10	7.85%
Headwater Exploration Inc	$7.70	$0.55	7.69%
Wesdome Gold Mines Ltd	$12.83	$0.88	7.36%
Badger Infrastructure Solutions Ltd	$31.28	$2.10	7.20%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Lithium Americas Corp	$30.91	-$4.87	-13.61%
BlackBerry Ltd	$7.34	-$1.00	-11.99%
Canopy Growth Corp	$5.42	-$0.73	-11.87%
BRP Inc	$90.15	-$9.75	-9.76%
Hut 8 Mining Corp	$2.89	-$0.31	-9.69%
Bausch Health Companies Inc	$11.46	-$1.10	-8.76%
Tilray Brands Inc	$5.31	-$0.49	-8.45%
Ballard Power Systems Inc	$9.20	-$0.76	-7.63%
Lion Electric Co	$6.76	-$0.46	-6.37%
Brookfield Business Partners LP	$28.78	-$1.93	-6.28%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Salesforce Inc	$184.91	$19.81	12.00%
Under Armour Inc	$10.08	$0.70	7.46%
Solaredge Technologies Inc	$298.34	$17.98	6.41%
Ralph Lauren Corp	$105.19	$6.32	6.39%
Under Armour Inc	$11.00	$0.66	6.38%
Amazon.com Inc	$2,447.00	$144.07	6.26%
Boeing Co	$139.25	$7.02	5.31%
Catalent Inc	$110.82	$5.45	5.17%
Generac Holdings Inc	$268.88	$12.71	4.96%
Estee Lauder Companies Inc	$264.22	$12.36	4.91%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
American Airlines Group Inc	$16.22	-$1.91	-10.54%
Bath & Body Works Inc	$38.10	-$4.35	-10.25%
Illumina Inc	$232.97	-$25.09	-9.72%
Paramount Global	$30.80	-$3.11	-9.17%
Regeneron Pharmaceuticals Inc	$630.35	-$62.45	-9.01%
Delta Air Lines Inc	$38.54	-$3.69	-8.74%
LyondellBasell Industries NV	$107.40	-$9.68	-8.27%
United Airlines Holdings Inc	$44.43	-$3.98	-8.22%
Molina Healthcare Inc	$281.74	-$23.34	-7.65%
Albemarle Corp	$250.76	-$20.16	-7.44%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Canadian Western Bank	CWB	Outperform	Outperform	**C$38.00**	**C$44.00**
CCL Industries Inc.	CCL.B	**Outperform**		**C$79.00**	
dentalcorp Holdings Ltd.	DNTL	**Outperform**		**C$18.00**	
Jamieson Wellness Inc.	JWEL	Outperform	Outperform	**C$46.25**	**C$42.75**
Laurentian Bank	LB	Sector Perform	Sector Perform	**C$53.00**	**C$49.00**
Sigma Lithium Corporation	SGML	Outperform	Outperform	**C$26.00**	**C$17.00**
Sun Life Financial	SLF	Sector Perform	Sector Perform	**C$68.00**	**C$72.00**
WSP Global Inc.	WSP	Outperform	Outperform	**C$182.00**	**C$180.00**
Yamana Gold Inc.	YRI	**Tender**	**Outperform**	**C$7.20**	**C$9.25**

STRATEGIC LIST - WEEKLY UPDATE

(May 30th – June 3rd)

No Changes this Week

Comments

Communication Services (Market Weight)

Rogers Communications Inc. (RCI.b)

NBF: Instead of a response from Rogers/Shaw by May 31 to the Competition Bureau's section 104 application, what we got was an agreement between the Competition Bureau and Rogers/Shaw to prohibit closing of the transaction pending the outcome of the Commissioner's application to challenge the merger. Had the parties not agreed to this, there would have been a truly useless hearing before the Competition Tribunal on June 29-30. Useless because the transaction can't close without Competition Bureau approval and ultimately approval from the Ministry of Innovation, Science, and Economic Development (ISED). NBF viewed the section 104 application as moot. The Competition Bureau is able to claim three small innocuous victories. Besides Rogers/Shaw agreeing to a preliminary injunction, Rogers agreed "not to enforce any condition in its agreement with Shaw, or any other agreement entered into in connection with the proposed merger that limits Shaw's ability to operate, maintain, enhance or expand its wireless business" and Rogers/Shaw agreed "to the Commissioner's request for an expedited hearing process before the Tribunal". Rogers/Shaw must still respond to the section 92 application by the Bureau by June 23 after which the latter has 15 days to file its reply. NBF would expect the response from the cablecos before June 23. It was noted that the expedited schedule for the section 92 hearing will get fixed by the Tribunal based on input by the parties. The Bureau continues to make this all about wireless, with still no mention of the cable side of the transaction which seems to have no regulatory opposition. Rogers noted in its release that "a settlement is the best path forward in ensuring that the benefits of the Transaction are fully and expeditiously realized" and that "if a Tribunal hearing is ultimately required to address the Commissioner's application to prevent the merger, Rogers and Shaw intend to oppose it". It was further acknowledged in the consent agreement that the parties were free to seek a stay of any potential future Tribunal decision on the application before the Federal Court. While NBF continues to expect one or more extensions to the July 31 outside date, it would be surprised if further extensions would be agreed to by Shaw if any appeal to the court would be needed.

Financials (Market Weight)

Canadian Banks

NBF: Q2/2022 Earnings Recap: Five of the Big-6 banks beat consensus EPS forecasts by an average of 8%. Excluding CM, nearly half of EPS outperformance versus consensus was attributable to lower PCLs. NBF could point out that such an EPS driver gets lower billing in the late stages of the economic cycle. More importantly, NBF believes that positive credit surprises could turn into negative ones, especially if recessionary probabilities increase. At this juncture, NBF maintains a defensive bias. Its preferred stocks are CM (Canada exposure, relatively high performing ACL buffer) and RY (industry-high CET 1 ratio, relatively stronger expense management outlook) and they offer the most defensive characteristics, in NBF's opinion.

Sun Life Financial Inc. (SLF)

NBF: SLF hosted an IFRS 17 education call to discuss the impact of the accounting transition. In advance of the call, SLF disclosed a presentation that offered the following highlights: Book value hit of 15-20% (vs. NBF ~5% forecast); 2022 EPS under IFRS 17 would be lower by mid-single digits (though SLF does expect growth in 2023 on a fully IFRS 17 comparative basis); ROE target moves to 18%+ from 16%+. NBF views this higher target as a by-product of the much larger than expected book value hit; and LICAT ratio should be higher under IFRS 17. This change reflects the addition to new liabilities (i.e., the CSM) to the LICAT ratio numerator. Since this increase comes from non-deployable capital, NBF views it as a neutral outcome. While accounting changes do not equate to economic changes, deployable capital certainly looks different. SLF's retained earnings will decline by $4-5 bln on transition and a commensurate increase will appear in SLF's liabilities, with new liabilities included in the LICAT ratio. However, all is not the same. NBF has to consider such factors as leverage ratios (which could move close to 30%) or certain limits to capital mix in the LICAT formula (e.g., retained earnings as a % of net tier 1, PfADs capped at 70% inclusion in Core Tier 1). In NBF's view, there is an economic change. NBF adjusted its

2023E estimates lower to reflect the impact of IFRS17. Its target of $68.00 (was $72.00) is derived by applying a 11.5x P/E multiple and 1.7x P/B multiple to its 2023E estimates.

Energy (Overweight)

Tourmaline Oil Corp. (TOU)

NBF: Tourmaline's strong commitment to a high quality, consistent and defensible return of capital strategy should continue to support yield contraction and value upside for shareholders, and on the basis of which, NBF suggests a value scenario of $110 - $130 per share (or 40-60% upside to current trading). At strip pricing TOU offers 30% total return (vs. peers 73%) on leverage of -1.0x D/CF (vs. peers -0.7x), while trading at 3.9x 2023e EV/DACF (vs. peers 2.4x). The company announced a 12.5% increase to its quarterly base dividend, to an annualized $0.90 per share (from $0.80) payable June 30, and representing a 1% cash yield on the basis of a 6% payout (company guidance & strip). The company continues to exhibit strong commitment to cash return of capital, and in sum with its special dividends announced to date (three payable to a total amount of $3.50 per share), the company's trailing 12-month cash yield has approximated 5.5% on the basis of a 30-40% payout. Looking forward through the strength of the commodity price backdrop over the next 12-months NBF would suggest that a similar payout could suggest cash dividends (incl. specials) of $6-7 per share or an 8-9% cash yield - again, the quality, consistency and defensibility of which, should support yield contraction, and if valued under a comparable yield (i.e. 5.5%; certainly justified by senior peers), would suggest a share price of $110 to $130 per share (40 - 60% upside from current trading). For TOU, NBF's target price of $75.00 (unchanged) is based on a 2023e EV/DACF cash flow multiple of 5.0x (unchanged). Given the unconsolidated nature of NBF's model, its target multiple is a premium to the group average to account for the resident option value of TPZ (0.5x value attributed), and net of which generally aligns with the peer average.

Industrials (Market Weight)

WSP Global Inc. (WSP)

NBF: WSP announced the acquisition of John Wood Group plc's (LSE: WG) consulting assets for US$1.8 bln (C$2.3 bln). WSP is acquiring the assets at 11.5x pro-forma synergies (on 2022E, compared to own multiple of 14.8x — ex IFRS). C$1.05 bln top line (US$830 mln in water vertical) will put WSP on the path to reaching $10 bln top-line goal by 2024; The EBITDA run rate of $140 mln (pre-synergies) and $177 mln post (17% EBITDA margin) doesn't hurt either. Note that multiples (as is typically the case) are calculated excluding US$200 mln of present value pertaining to a transaction-related tax benefit. Pro-forma, WSP's absolute dollar generation at US$3.9 bln in this critical vertical will dwarf that of Aecom's (#2 player with US$2.6 bln). Management continues to execute on its strategy in a steady, capital-savvy manner, providing a reprieve in this tumultuous market. The transaction should act as a catalyst to differentiate the company's shares vs. other peers who have seen their multiples compress due to higher discount rates. The transaction is projected to be 11% accretive on EPS in 2024E (based on NBF numbers and in line with its commentary), sets in motion the 2024 strategic plan while demonstrating to the market that WSP can be transactional in good and bad markets. NBF reiterated its Outperform rating on the shares, target price went to $182.00 (from $180.00) using a 15.0x EV/EBITDA multiple on 2023E EBITDA as NBF had mostly modeled inorganic growth in line with the company's 2024 strategic update.

Utilities (Underweight)

Pipelines, Utilities, and Energy Infrastructure: Clean Grid Fortification

NBF: As regulators across the continent continue to refresh their post-pandemic power demand forecasts, we are quickly observing supply gaps over the coming years as the baseload generation capacity landscape continues to shift towards a lower carbon-intensive fuel mix. With coal-fired capacity retiring at an accelerated pace, in line with the Canadian federal government's 2030 coal phase-out mandate, and replaced in part by intermittent renewable generation (i.e., wind & solar), the intensifying need to support grid reliability while maintaining affordability has become the overarching theme across the Power & Utilities space. With its ability to quickly respond to power demand, while carrying a relatively low emissions intensity, natural gas-fired generation remains the clear choice to support future waves of new renewable capacity developments alongside battery storage over the coming years. As such, NBF highlights a greater longevity outlook for natural gas-fired assets as counterparties seek to extend current contracts well into the next decade, as well as increase support for carbon capture projects as a means of decarbonizing the grid. Given the intermittent nature of wind & solar generation, certain regional grids will need to pull from other jurisdictions that have abundant renewable resources. As such, existing transmission systems are poised for significant reinforcement alongside new transmission line investments in order to facilitate increased transmission capacity, which may also enable more interregional clean power-sharing (i.e., Atlantic Loop). NBF highlights increased longevity for CPX's Ontario natural gas-fired demand response fleet, as well as its Genesee repowering project in Alberta, while also outlining large transmission rate base investment opportunities for EMA, FTS and H related to the proposed Atlantic Loop project, MISO Long Range Transmission Planning, and the IESO's Annual Planning

The Week at a Glance

Outlook. Overall, despite the Utilities space having re-rated to above historical valuation multiples (~12.5x EV/EBITDA vs. ~11.0x 5-year pre-pandemic avg.), NBF views the paramount importance of grid reliably and heightened focus on affordability alongside energy transition as underpinning a significant runway of investment opportunities and asset longevity, helping to solidify the recent multiple expansion across the space, while supporting continued valuation momentum as energy transition plans and policies are nailed down.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight	NOTES*
Communication Services							**5.2**	**Market Weight**	
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 63.94	3.1	0.5			
Telus Corp.	T.TO	19-May-22	$ 30.64	$ 31.56	4.3	0.5			
Consumer Discretionary							**3.2**	**Market Weight**	
Canadian Tire Corporation Ltd.	CTCa.TO	18-Nov-21	$ 174.10	$ 172.41	3.7	1.9			
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 70.12	0.3	0.6			
Consumer Staples							**4.0**	**Market Weight**	
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 117.63	1.4	0.3			
Premium Brands Holdings Corp.	PBH.TO	17-Feb-22	$ 122.90	$ 97.15	2.8	0.7			*R
Energy							**18.0**	**Overweight**	
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 30.23	1.4	2.5			
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 58.93	5.8	0.9			
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 76.71	1.1	1.4			
Whitecap Resources Inc.	WCP.TO	19-May-22	$ 10.27	$ 11.75	3.1	2.4			
Financials							**31.8**	**Market Weight**	
Canadian Imperial Bank of Commerce	CM.TO	29-Mar-22	$ 78.14	$ 70.34	4.7	1.1			
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 13.80	2.2	1.2			
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 670.40	1.8	0.9			
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 184.67	2.2	0.8			
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 131.95	3.9	0.9			
Sun Life Financial	SLF.TO	10-Dec-20	$ 57.07	$ 62.42	4.4	1.4			
Health Care							**0.5**	**Market Weight**	
Industrials							**11.4**	**Market Weight**	
ATS Automation Tooling Systems Inc.	ATA.TO	18-Nov-21	$ 48.62	$ 37.82	0.0	0.7			
WSP Global Inc.	WSP.TO	19-May-22	$ 142.73	$ 146.67	1.0	1.7			
Information Technology							**5.2**	**Underweight**	
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 140.54	0.0	0.7			
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 51.17	2.1	0.9			
Materials							**13.0**	**Overweight**	
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	$ 75.74	$ 68.25	2.9	0.6			
Kinross Gold Corp.	K.TO	16-Sep-21	$ 7.06	$ 5.72	2.6	0.5			
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 55.30	0.9	1.2			
REITs							**2.7**	**Underweight**	
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 49.01	2.9	0.7			
Summit Industrial Income REIT	SMU_u.TO	17-Feb-22	$ 21.50	$ 19.21	3.0	1.2			
Utilities							**5.0**	**Underweight**	
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 45.73	4.8	1.2			
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 17.56	4.2	0.8			

Source: Refinitiv (Priced June 3, 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

Week Ahead

THE ECONOMIC CALENDAR

(June 6th – June 10th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
7-Jun	08:30	**International Trade $**	Apr	-109.8B	-89.3B	USD
7-Jun	15:00	Consumer Credit	Apr	52.43B	34.50B	USD
8-Jun	07:00	MBA Mortgage Applications	30 May, w/e	-2.3%		Percent
8-Jun	10:00	Wholesale Sales MM	Apr	1.7%		Percent
8-Jun	10:30	EIA Wkly Crude Stk	30 May, w/e	-5.068M		Barrel
9-Jun	08:30	**Initial Jobless Clm**	30 May, w/e	200k	207k	Person
9-Jun	08:30	Jobless Clm 4Wk Avg	30 May, w/e	206.50k		Person
9-Jun	08:30	Cont Jobless Clm	23 May, w/e	1.309M		Person
9-Jun	10:30	EIA-Nat Gas Chg Bcf	30 May, w/e	90B		Cubic foot
10-Jun	08:30	Core CPI MM, SA	May	0.6%	0.5%	Percent
10-Jun	08:30	Core CPI YY, NSA	May	6.2%	5.9%	Percent
10-Jun	08:30	**CPI MM, SA**	May	0.3%	0.7%	Percent
10-Jun	08:30	CPI YY, NSA	May	8.3%	8.3%	Percent
10-Jun	10:00	**U Mich Sentiment Prelim**	Jun	58.4	58.2	Index
10-Jun	14:00	Federal Budget,$	May	308.00B		USD

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
7-Jun	08:30	**Trade Balance C$**	Apr	2.49B	3.00B	CAD
7-Jun	08:30	Exports C$	Apr	63.63B		CAD
7-Jun	08:30	Imports C$	Apr	61.14B		CAD
7-Jun	10:00	Ivey PMI	May	68.0		Net balance
10-Jun	08:30	Capacity Utilization	Q1	82.9%		Percent
10-Jun	08:30	Avg hrly wages Permanent employee YY	May	3.40%		Percent
10-Jun	08:30	**Employment Change**	May	15.3k	24.0k	Person
10-Jun	08:30	**Unemployment Rate**	May	5.2%	5.2%	Percent
10-Jun	08:30	Full Time Employment Chng SA	May	-31.6k		Person
10-Jun	08:30	Part Time Employment Chng SA	May	47.1k		Person
10-Jun	08:30	Participation Rate	May	65.3%		Percent

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday June 6th, 2022

None

Tuesday June 7th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Enghouse Systems Ltd	ENGH	AMC	0.38

Wednesday June 8th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Dollarama Inc	**DOL**	**07:00**	**0.47**
North West Company Inc	NWC	12:31	0.58
Transcontinental Inc	TCL.a	NTS	0.43

Thursday June 9th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Saputo Inc	SAP	BMO	0.25

Friday June 10th, 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 6th, 2022

None

Tuesday June 7th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
J M Smucker Co	SJM	BMO	1.88

Wednesday June 8th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Brown-Forman Corp	BF.b	08:00	0.27
Campbell Soup Co	CPB	BMO	0.61

Thursday June 9th, 2022

None

Friday June 10th, 2022

None

Source: Refinitiv, NBF Research
* Companies of the S&P500 index expected to report.

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