NATIONAL BANK FINANCIAL

The Week at a Glance

November 18th, 2022

THE WEEK IN NUMBERS

(November 14th – November 18th)

Research Services

Contact your Investment Advisor for more information regarding this document.

INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	33,745.69	-2.17	-0.01%	-7.13%	-5.92%	19.0
S&P 500	3,965.34	-27.59	-0.69%	-16.80%	-15.71%	19.7
Nasdaq Composite	11,146.06	-177.27	-1.57%	-28.76%	-30.31%	22.4
S&P/TSX Composite	19,980.91	-130.60	-0.65%	-5.85%	-7.66%	12.5
Dow Jones Euro Stoxx 50	3,924.84	141.74	3.75%	-8.69%	-10.47%	12.9
FTSE 100 (UK)	7,385.52	67.48	0.92%	0.01%	1.79%	10.8
DAX (Germany)	14,431.86	207.00	1.46%	-9.15%	-11.03%	13.7
Nikkei 225 (Japan)	27,899.77	-363.80	-1.29%	-3.10%	-5.74%	15.0
Hang Seng (Hong Kong)	17,992.54	666.88	3.85%	-23.10%	-28.94%	9.4
Shanghai Composite (China)	3,097.24	9.95	0.32%	-14.91%	-12.03%	12.0
MSCI World	2,656.42	-17.66	-0.66%	-17.80%	-17.67%	16.8
MSCI EAFE	1,915.89	-2.52	-0.13%	-17.99%	-18.48%	13.3

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	258.37	4.72	1.86%	-5.61%	-5.36%	18.6
S&P TSX Consumer Staples	814.40	13.83	1.73%	6.73%	8.24%	18.5
S&P TSX Energy	262.29	-7.55	-2.80%	60.14%	58.71%	7.0
S&P TSX Financials	367.67	-0.32	-0.09%	-8.79%	-7.47%	10.5
S&P TSX Health Care	23.46	-1.05	-4.28%	-48.96%	-57.03%	N/A
S&P TSX Industrials	391.02	7.73	2.02%	2.65%	-1.60%	25.7
S&P TSX Info Tech.	134.63	-4.08	-2.94%	-36.57%	-42.63%	N/A
S&P TSX Materials	316.72	-7.42	-2.29%	-3.53%	-5.26%	10.5
S&P TSX Real Estate	304.59	-8.50	-2.71%	-23.35%	-21.35%	8.4
S&P TSX Communication Services	187.43	3.06	1.66%	-3.95%	-1.85%	19.4
S&P TSX Utilities	304.11	-7.44	-2.39%	-11.43%	-8.08%	25.2

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2023E
Oil-WTI futures (US$/Barrels)	$80.27	-27.35	-25.41%	6.73%	1.59%	$80.00
Natural gas futures (US$/mcf)	$6.34	0.12	1.95%	70.00%	29.36%	$5.00
Gold Spot (US$/OZ)	$1,748.50	-78.00	-4.27%	-4.32%	-6.05%	$1,700
Copper futures (US$/Pound)	$3.64	-0.12	-3.30%	-18.38%	-15.64%	$3.40

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q2/23e
Cdn$/US$	0.7470	-0.0284	-3.66%	-5.60%	-5.84%	0.77
Euro/US$	1.0323	-0.0231	-2.19%	-9.19%	-9.20%	1.03
Pound/US$	1.1882	-0.0380	-3.10%	-12.17%	-11.91%	1.16
US$/Yen	140.40	5.23	3.87%	22.00%	22.90%	132

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

THE WEEK IN NUMBERS

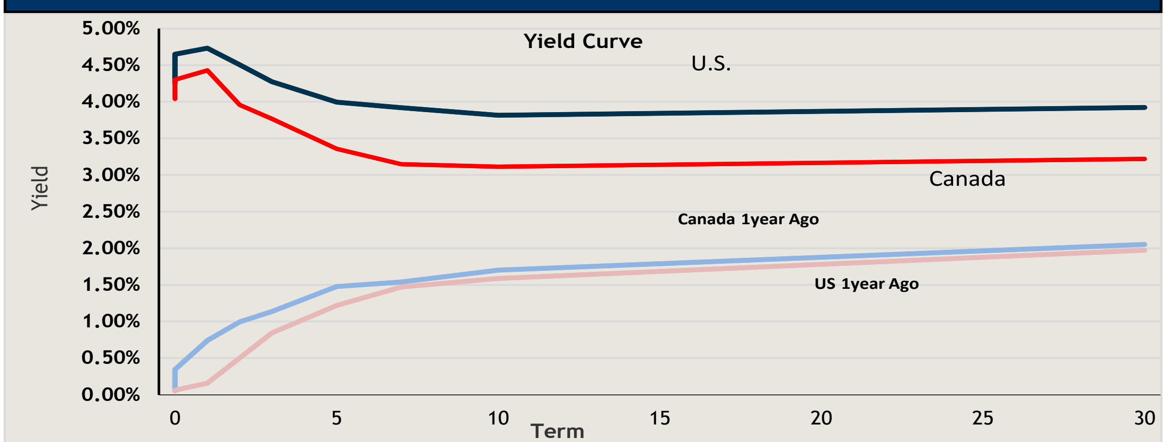
(November 14th – November 18th)

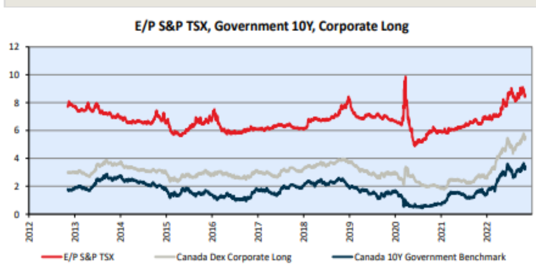
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	3.75%	0.50	CDA 5 year	3.36%	-14.9
CDA Prime	5.95%	0.50	CDA 10 year	3.12%	-23.4
CDA 3 month T-Bill	4.04%	16.0	CDA 20 year	3.31%	-18.1
CDA 6 month T-Bill	4.30%	19.0	CDA 30 year	3.22%	-15.5
CDA 1 Year	4.43%	10.0	5YR Sovereign CDS	39.26	
CDA 2 year	3.96%	-7.7	10YR Sovereign CDS	40.13	

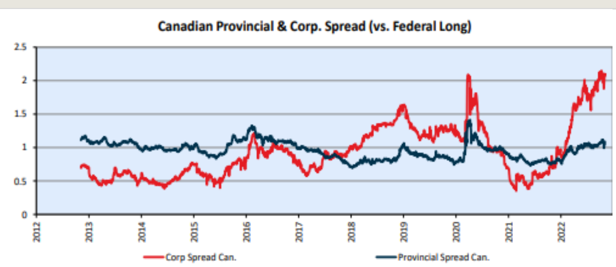
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	3.75-4.00%	0.75	US 5 year	3.99%	-22.2
US Prime	6.75%	0.50	US 10 year	3.81%	-18.4
US 3 month T-Bill	4.26%	32.4	US 30 year	3.92%	-9.9
US 6 month T-Bill	4.65%	24.2	5YR Sovereign CDS	29.99	
US 1 Year	4.73%	24.2	10YR Sovereign CDS	37.93	
US 2 year	4.50%	6.6			

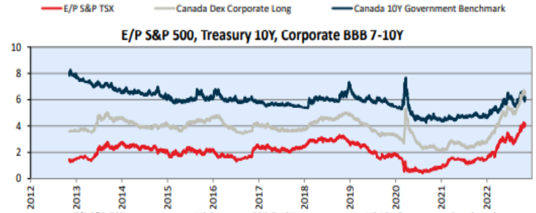
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.32%	-11.60%
FTSE Short Term Bond Index	-0.07%	-4.38%
FTSE Mid Term Bond Index	0.27%	-9.78%
FTSE Long Term Bond Index	1.25%	-21.41%

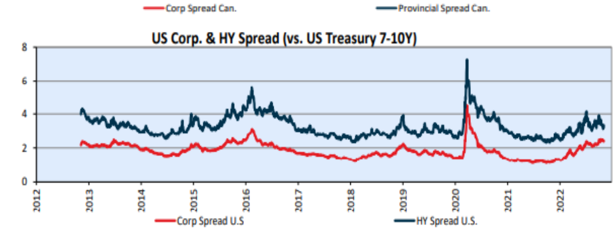
CURRENT YIELD CURVE











Source: Refinitiv & NBF

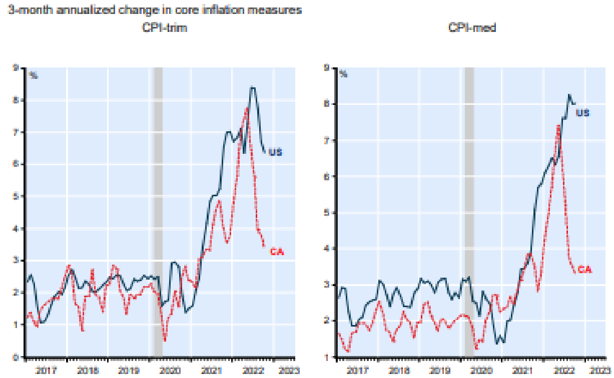
NBF Economy & Strategy Group

WEEKLY ECONOMIC WATCH

CANADA - The **Consumer Price Index** increased 0.7% in October (not seasonally adjusted), a tick less than expected by consensus. In seasonally adjusted terms, headline prices were up 0.6% on gains for transportation (1.6%), shelter (0.8%), alcohol and tobacco (0.5%), health and personal care (+0.5%), and food (0.4%), among others. Year on year, headline inflation was unchanged at 6.9%. The core inflation measures preferred by the Bank of Canada were as follow: 5.3% for CPI-trim (up one tick from prior month) and 4.8% for CPI-median (also up one tick). As a result, the average of the two measures edged up from 5.0% to 5.1%.

Although the inflation data came in below consensus expectations, the price increase was strong enough to keep annual inflation unchanged at 6.9% in October. This lack of improvement should not come as a surprise given the 9.2% increase in gasoline prices during the month. Still, there was some good news hidden in the details of the report. The food component, for instance, rose 0.4% on a seasonally adjusted basis, no doubt a high amount but still the lowest in four months. The index excluding food and energy, meanwhile, registered its smallest advance in 20 months (0.2%). The recent trend in core inflation was also encouraging, as evidenced by the three-month annualized change of 3.4% for CPI-trim and 3.3% for CPI-median.

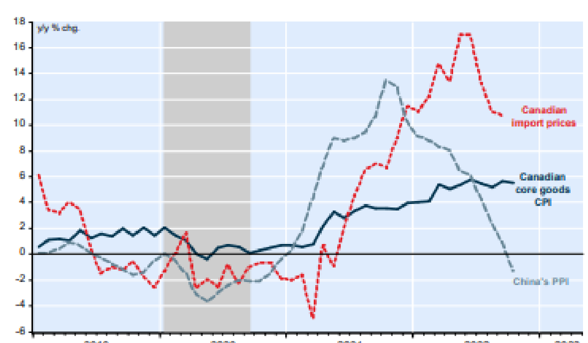
Core inflation softer this side of the border
3-month annualized change in core inflation measures



NBF Economics and Strategy (data via Statistics Canada, Fred)

We expect price gains to moderate further in the coming months. Indeed, high upstream inventories, significantly lower freight costs, price cuts by Chinese producers, and the global economic slowdown herald a lull on the goods side. For services, returning to more acceptable inflation levels may take longer, but there are reasons to believe that the labour market will loosen in a low-growth environment and contribute to reduce wage pressures.

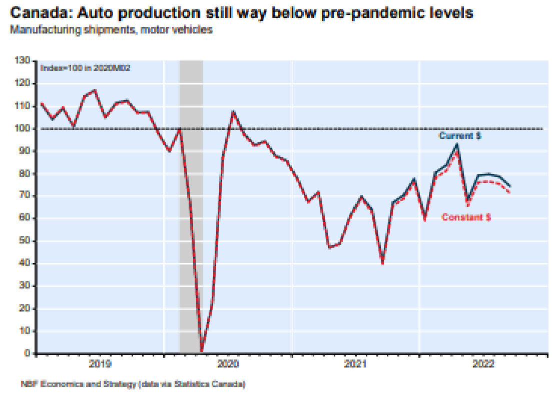
Canada: China could help ease pressure on price of goods
China's Producer Price Index, Canadian core goods CPI, and Canadian import prices



NBF Economics and Strategy (data via Statistics Canada, Fred)

After dropping 3.0% from April to August, **manufacturing sales** stayed more or less flat on a monthly basis in September at C$70.4 billion. Shipments in the durable goods category rose 1.0% on gains for aerospace products (11.1%), machinery (3.6%), and primary metals (2.9%), this last category boosted by a ramp-up in production at major manufacturers following unplanned interruptions in July. Alternatively, sales in the wood products category fell 2.3%, reflecting a drop in construction activity in the United States and Canada. Shipments of motor vehicles, for their part, fell 5.5% and remained 25.5% below their mark at the onset of the pandemic in February 2020.

NBF Economy & Strategy Group

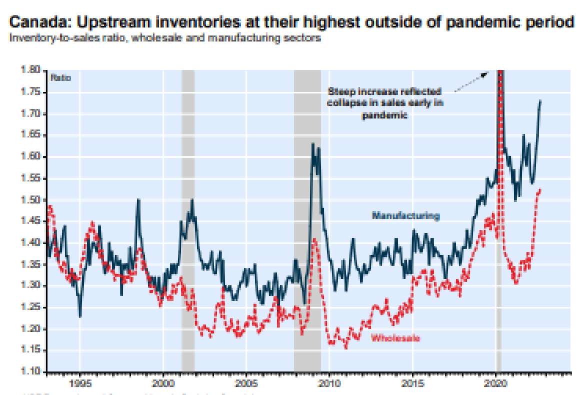


Meanwhile production in the non-durable goods segment shrank 0.9% as shipments of petroleum/coal products contracted 2.4%. This marked the fourth consecutive decline for this category, a development that Statistics Canada attributed to "[c]oncerns of a possible macroeconomic slowdown… along with oil refinery maintenance in Eastern Canada". A decline in shipments was also observed in the food segment (-1.8%).

Total inventory levels increased 1.3% to C$122.0 billion in October on broad-based gains. As a result, the inventory-to-sales ratio climbed from 1.71 to 1.73. Outside of the pandemic period, this is the highest ratio ever recorded, a bad omen for future production in the sector (see chart below).

With the price effect removed, total factory sales retraced 0.2%. In Q2 as a whole, real sales were down 3.1% annualized, the first quarterly decline for this indicator in a year.

After advancing 1.9% in August, **nominal wholesale trade sales** edged up 0.1% in September to a new all-time high of C$81.8 billion. Sales were up in 5 of the 7 subsectors surveyed, led by personal and household goods (+4.3%) and food, beverages and tobacco products (+1.9%). The former segment benefited from a 5.7% gain for pharmaceutical supplies reflecting the recent availability of updated COVID-19 vaccines. These increases were partially offset by a 5.9% decrease in the miscellaneous category. All subsectors save building materials and supplies reported larger inventories in September. As a result, the headline inventory-to-sales ratio eked up from 1.52 to 1.53. As was the case in the manufacturing sector, this is the highest level ever observed outside of the pandemic period.



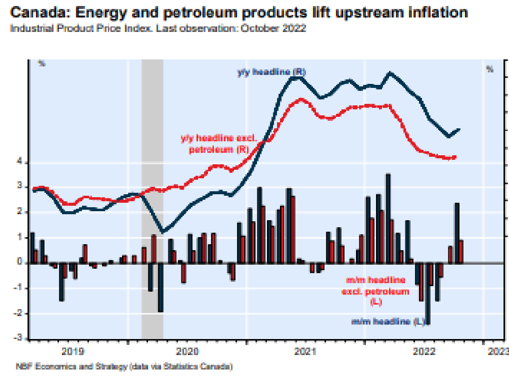
In volume terms, total wholesale trade cooled 0.2% in September but still managed to advance 1.1% annualized in Q3 as a whole.

Prices for products manufactured in Canada, as measured by the **Industrial Product Price Index** (IPPI), eked up 2.4% in October. Currency movements had a significant impact on the headline print. Recall that the price of several products included in the overall index is set on international markets in USD, which means that the loonie's depreciation against the greenback contributed to lift prices in the month. Without this effect, Statistics Canada estimated that the IPPI would have increased 1.7% instead.

Of the 21 major commodity groups, 19 saw higher prices, led by energy and petroleum products (+12.5%), which experienced price increases following the announcement of OPEC+ to reduce production. Excluding this category, prices were up 0.9% mainly on gains for textile/leather (+3.4%), tobacco products (+2.4%) and primary non-ferrous metal products (+2.2%). These gains were only partially offset by drops in the clothing segment (-1.0%) and lumber products (-0.7%).

NBF Economy & Strategy Group

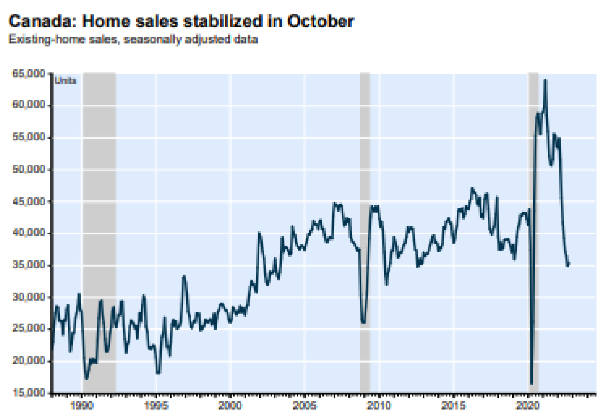
On a 12-month basis, the IPPI was up 10.1%, an acceleration from the previous month but still down significantly from the peak of 18.1% attained in March. Among the major categories, energy/petroleum products (+43.4%), pulp/paper products (+20.2%), fruit/vegetables/feed (+17.1%), textile/leather (+18.0%) and electrical/electronic/telecom equipment (+12.5%) recorded the steepest increases. Alternatively, prices in the primary ferrous metal products segment were down 13.0% from a year earlier.



The **Raw Materials Price Index** increased 1.3% in October following three consecutive monthly declines. The growth was led by crude energy products (+2.0%) and crop products (+4.1%). On a 12-month basis, the headline RMPI was up 9.0%, a steep deceleration from the 12.7% recorded the prior month.

Housing starts fell 31.8K in October to a six-month low of 267.1K (seasonally adjusted and annualized). Urban starts dropped 31.0K to 245.2K on a steep drop in the multi-family segment (-28.7K to 188.2K). Starts in the single-family category, for their part, slid 2.3K to 57.0K. At the provincial level, gains in Quebec (+9.0K to 59.2K), Alberta (+7.8K to 48.4K), and Manitoba (+5.2K to 10.3K) were more than offset by declines in Ontario (-44.6K to 90.7K) and British Columbia (-7.6K to 46.6K). Looking ahead, we expect housing demand to moderate as interest rates rise and demand in the resale market flags. This should eventually lead to a tapering of residential construction. However, with building permits remaining elevated and housing supply still tight, starts should stabilize at levels that remain relatively strong on a historical basis.

Seasonally adjusted **home sales** crept up 1.3% in October, ending the streak of seven straight declines begun in March. The number of transactions increased in British Columbia (+5.8%), Alberta (+2.2%), and Ontario (+1.0%) but contracted in Quebec (-2.4%). On a 12-month basis, home sales were down 36.0% countrywide, the steepest decline since 2009M01 outside of the lockdown period.

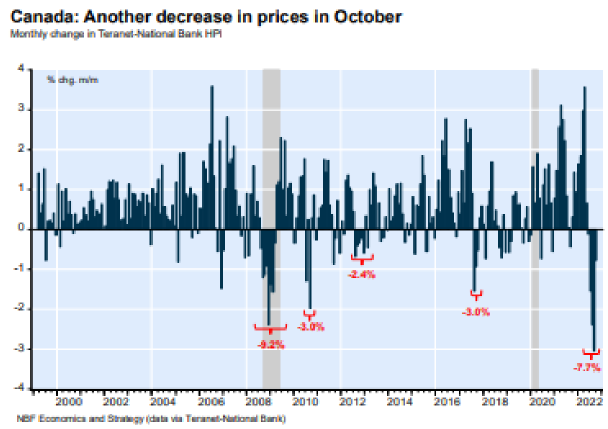


New listings, meanwhile, increased 2.2% m/m in October, helping to lift the inventory-to-sales ratio from 3.7 to 3.8. That said, we are not seeing a large influx of sellers at this time, so supply remains rather low on a historical basis and seller's market conditions prevail in many places. British Columbia and Manitoba stand apart in this regard, as conditions there draw closer to a buyer's market. With the Bank of Canada likely to raise policy rates again in December, we expect resale activity to remain well below its historical average for some time.

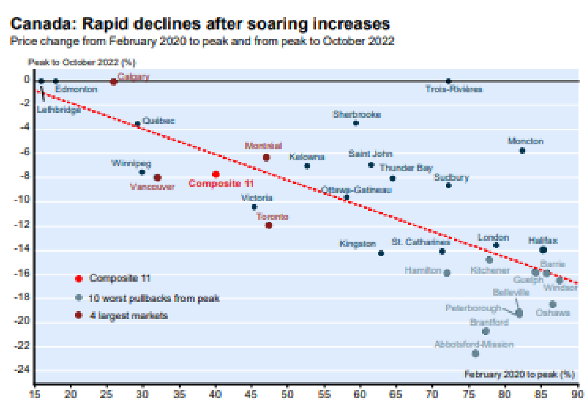
NBF Economy & Strategy Group

In October, the **Teranet–National Bank Composite National House Price Index™** decreased by 0.8% from the previous month after seasonal adjustments, marking the fourth consecutive decline for this indicator. Of the 11 markets in the composite index, 9 were down during the month, led by Halifax (-4.7%), Hamilton (-2.8%), Winnipeg (-2.4%), Victoria (-2.0%), Quebec City (-1.7%), Toronto (-1.1%), Ottawa-Gatineau (-1.1%), Montreal (-1.0%) and Vancouver (-0.3%). Conversely, prices kept rising in Calgary (+1.8%) and Edmonton (+2.0%). On a 12-month basis, the composite index increased by 4.9%, driven by Calgary (16.2%), Quebec City (8.6%), Montreal (8.4%), Edmonton (7.5%) and Halifax (6.7%). Growth was lower than average in Winnipeg (3.9%), Vancouver (3.7%), Toronto (3.6%), Ottawa-Gatineau (2.8%), Victoria (2.1%) and Hamilton (0.3%).

Although important, the correction in property prices was less significant than the one observed in the previous month (-1.9%), coinciding with a stabilization in sales during the month. Since its peak in May, the composite index (not seasonally adjusted) has already contracted by 7.7%, whereas during the financial crisis of 2008, prices only fell by 6.0% over the same period and by 9.2% in total over eight months.



In a context where monetary policy will continue to be tightened in the coming months, we expect house prices to contract more than during the financial crisis of 2008. Indeed, we anticipate a record cumulative decline of about 15% nationally by the end of 2023, assuming a policy rate that tops out around 4.0% and a Bank of Canada that gives some air to the market by lowering rates in the second half of 2023. Although corrections are being observed in most markets covered by the index, the CMAs that have experienced the most significant price growth over the past two years are also those that have recorded the sharpest declines to date. Ontario, British Columbia, and the Maritimes therefore appear to be more vulnerable, while the Prairie markets are less so, helped by a buoyant economic context.

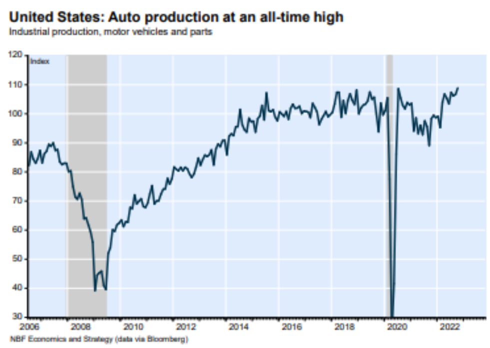


UNITED STATES - Retail sales increased 1.3% in October, overshooting the +1.0% print expected by economists. There was no revision to the prior month's flat line (+0.0%). Higher sales of motor vehicles and parts (+1.3%) contributed positively to the headline print in October. Without autos, retail outlays still advanced 1.3% on gains for gasoline stations (+4.1%), eating and drinking establishments (+1.6%), food and beverages (+1.4%), non-store retailers (+1.2%), and building materials (+1.1%). Sales were up in 9 of the 13 categories surveyed. Core sales (i.e., sales excluding food services, auto dealers, building materials, and gasoline stations), which are used to calculate GDP, were up a consensus-topping 0.7% in the month.

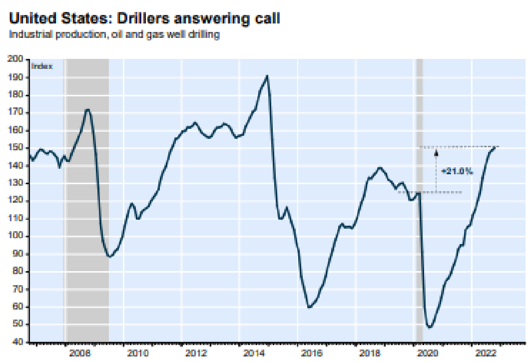
NBF Economic & Strategy Group

After stagnating in September, retail sales resumed their ascent in October, progressing at their fastest pace in nine months. Part of the gain was due to the automotive sector, which undoubtedly benefited from an easing of supply chain constraints and from excess demand generated by Hurricane Ian, which caused considerable damage to Florida's car fleet. Gasoline stations receipts surged as well, reflecting a sharp rise in pump prices. However, even excluding these two categories, outlays progressed a healthy 0.9%, with a clear majority of surveyed categories showing gains. Increased spending in restaurants and bars was also good news, as it hints at a strong showing for services consumption in the month. It is worth noting, though, that October's results were likely boosted by rising prices (CPI data showed goods prices advanced 0.5% in the month), as has often been the case in recent months. The sales volumes data, which will be released next week, will probably be a tad less impressive than the numbers published this week. That said, we still expect a healthy increase, which would set the stage for a good quarter on the consumption side.

Industrial production shrank 0.1% in October instead of expanding 0.1% as per consensus. Adding to the disappointment, the previous month's result was revised down from +0.4% to +0.1%. Manufacturing output edged up 0.1% thanks in large part to motor vehicles and parts (+2.0%) production, which continued to recover after being held back by semiconductor shortages last year.



Excluding autos, factory output was flat as gains for electrical equipment (+2.0%), aerospace products (+1.9%), and machinery (+1.0%) were offset by declines for wood products (-2.5%), petroleum and coal (-1.9%), and non-metallic minerals (-1.2%). Utilities output (-1.5%) declined for the third month running, while production in the mining sector pulled back 0.4%. Oil and gas well drilling sprang 0.8% in the month, thus striking a mark 21.0% above its pre-crisis level.



Capacity utilization in the industrial sector slid two ticks to 79.9%. In the manufacturing sector, it held steady at 79.5%.

The **Empire State Manufacturing Index** of general business conditions went from -9.1 to 4.5 in November, signaling the first expansion in factory activity in four months. The shipments sub-index (from -0.3 to 8.0) swung back into growth territory and hiring accelerated (from 7.7 to 12.2). The new order gauge (from 3.7 to -3.3), however, signaled a contraction. Supplier delivery times (from -0.9 to 2.9) stopped shrinking but the index remained well below levels observed earlier this year. Meanwhile, input price inflation (from 48.6 to 50.5) picked up, probably on account of the rebound in commodity prices before the survey period. In an effort to protect their margins, manufacturers raised selling prices (from 22.9 to 27.2) at a faster pace than in the prior month.

The six-month outlook remained extremely grim, as factories operating in New York State and surrounding areas anticipating the second-worst deterioration in general business conditions in the past 20 years. An unprecedented share of respondents also expected shipments and new orders to shrink in the coming months.

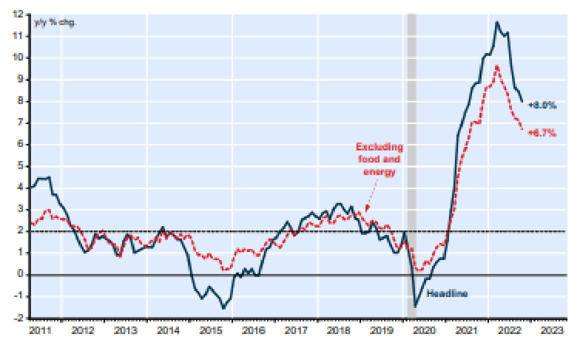
NBF Economic & Strategy Group

The six-month outlook remained extremely grim, as factories operating in New York State and surrounding areas anticipating the second-worst deterioration in general business conditions in the past 20 years. An unprecedented share of respondents also expected shipments and new orders to shrink in the coming months.

The **Philly Fed Manufacturing Business Outlook Index** sank further into contraction territory in November (from -8.7 to a post- pandemic low of -19.4), thus painting a more downbeat picture of the situation in the manufacturing sector. New orders (from -15.9 to -16.2) continued to shrink while production (from 8.6 to 7.0) and employment (from 28.5 to 7.1) expanded at a slower pace. Supplier delivery times (from -12.6 to -8.8), meanwhile, shortened for the fourth time in five months. The index tracking future business activity improved from -14.9 to a still depressed -7.1.

In October, the **Producer Price Index** for final demand rose 0.2% for the second month in a row. This fell short of the median economist forecast calling for a jump of 0.4%. Goods prices climbed 0.6% on sizeable increases for both energy (+2.7%) and food (+0.5%). Prices in the services category sank 0.1%, marking the first monthly decline in this segment in nearly two years. The core PPI, which excludes food and energy, stayed level in the month (analysts expected a 0.3% progression). Year over year, the headline PPI slid from 8.4% to 8.0%, three ticks below the level expected by consensus. Excluding food and energy, it slipped from 7.1% to a 15-month low of 6.7%.

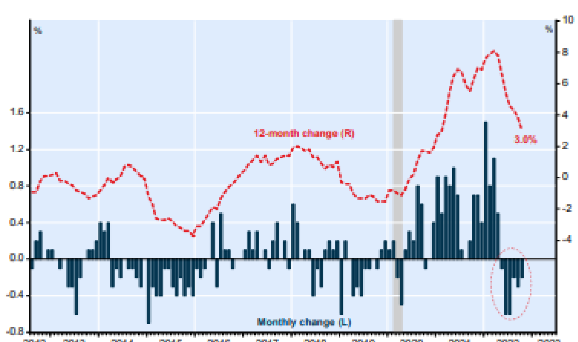
United States: Upstream inflation eased to 15-month low
Producer Price Index. Last observation: October 2022



NBF Economics and Strategy (data via Refinitiv)

The **Import Price Index (IPI)** retraced 0.2% m/m in October, a smaller drop than expected by economists (-0.4%). The headline print was negatively affected by a 1.2% retreat in the price of petroleum imports but, even excluding this category, import prices still pulled back 0.2%, marking the sixth decline in a row for this indicator. On a 12-month basis, the headline IPI fell from 6.0% to a 20-month low of 4.2%. The less volatile ex-petroleum gauge slid from 3.8% to 3.0%, its lowest level since January 2021.

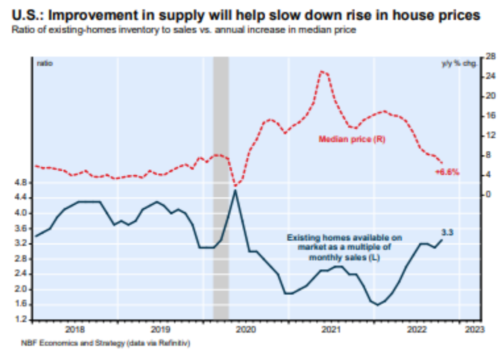
United States: Import prices excluding energy still moderating
Import Price index excluding petroleum products



NBF Economics and Strategy (data from Bloomberg)

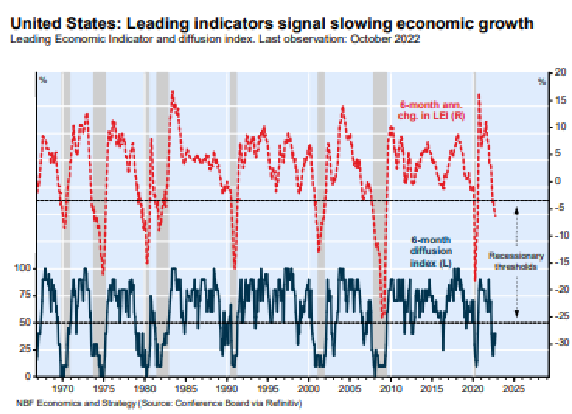
After eight consecutive declines from January to September, **existing-home sales** slipped another 5.9% in October to 4,710K (seasonally adjusted and annualized), bringing the total drawback since the beginning of the year to 31.7%. Excluding the first months of the pandemic, this was also the lowest level of sales observed in nearly 11 years. Contract closings sagged for both single-family dwellings (-6.4%) and condos (-2.0%). The inventory-to-sales ratio, for its part, rose from 3.1 to a 28-month high of 3.3. Despite the recent increase, this ratio remained low on a historical basis (<5 indicates a tight market for the National Association of Realtors), as supply continued to lag: The inventory of properties available for sale totaled just 1.22 million (not seasonally adjusted), the lowest level ever recorded in a month of October.

Insufficient supply and low interest rates during the pandemic helped push prices up at breakneck speed. However, with supply recovering slowly and with mortgage rates having risen sharply, we expect price increases to moderate quickly. Although it was only one month's data, October's stats seem to be in line with this forecast, with the median price paid for a previously owned home retracing from $383,500 to an 8-month low of $379,100. This was up 6.6% y/y, no doubt a significant increase, but still much less pronounced than what was recorded at the height of the pandemic boom (+25.2% in May 2021).

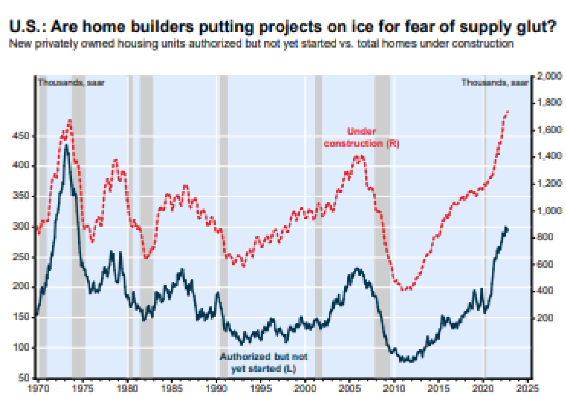


The housing market may face more woes down the road given the higher borrowing costs and the associated drop in mortgage applications. We expect sales to remain below their pre-pandemic level for some time and home prices to moderate further going forward.

The **index of leading economic indicators (LEI)** declined 0.9 point in October to a 17-month low of 114.9. Six of the ten underlying economic indicators acted as a drag on the headline index, with the biggest negative contributions coming from consumer expectations (-0.25 pp), jobless claims (-0.21 pp), stock prices (-0.14 pp) and ISM new orders (-0.14 pp). The interest rate spread, on the other hand, contributed 0.11 pp to the headline figure. Historical analysis shows that an annualized drop of 3.5% in the LEI index over six months, coupled with a six-month diffusion index below 50%, is generally symptomatic of a pending recession. These conditions were met in September: The index dropped 6.3% annualized over six months and the six-month diffusion index stood at 40%.



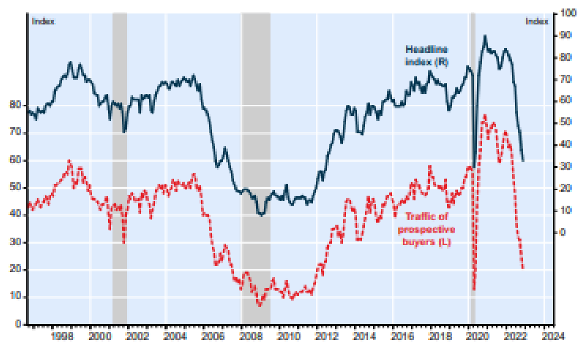
Housing starts retreated from 1,488K in September (initially estimated at 1,439K) to 1,425K in October, which was still above the median economist forecast calling for a 1,410K print. The decline was almost entirely due to a 6.1% drop in the single-family segment to a post-pandemic low of 855K. Groundbreaking in the multi-family category declined as well, albeit to a lesser extent (-1.2% to 570K).



NBF Economic & Strategy Group

Building permits, for their part, fell from 1,564K to 1,526K on declines in the single-family segment (-3.6% to a 29-month low of 839K) and the multi-family segment (-1.0% to 687K). The number of authorized residential projects for which construction had not yet begun (296K) remained close to the 50-year high reached back in July (300K). Normally, such a high number of unexercised permits pile up when business is booming in the residential sector and builders are unable to meet demand. Under current market conditions, however, this figure may be indicative instead of a loss of confidence among builders, who are perhaps leaving a few projects on ice while waiting to see how the situation unfolds. After all, a record number of housing units are currently under construction (1,739K) and this already risks boosting supply greatly at a time when demand is fading. In this context and given that the residential sector faces challenges ranging from rising interest rates to labour shortages, putting off the construction of housing units for which permits have already been issued does not seem like a bad idea.

United States: Home builders feeling pinch of higher mortgage rates
National Association of Home Builders Market Index



NBF Economics and Strategy (data via Bloomberg)

Homebuilder sentiment, meanwhile, is sliding fast. In November, the National Association of Home Builders Market Index fell five points to 33, its lowest point since June 2012 outside of the pandemic period. NAHB data also showed a significant drop in prospective buyer traffic. All told, these data suggest that there could be more pain in store for residential construction down the road.

Initial jobless claims edged down from 226K to 222K in the week to November 12. Continued claims, for their part, sprang from 1,494K to 1,507K, their highest level since late March. Although these two figures remained very low on a historical basis, the latter has clearly been trending up in recent weeks. This discrepancy between stable initial claims and rising continuing claims suggests that, although few people are getting laid off right now, those who are having more difficulty finding a new job and must thus continue to claim unemployment benefits. A slowdown in hiring is usually the first signal of a trend shift on the labour market.

WORLD - The **Japanese economy** unexpectedly contracted 1.2% annualized in the third quarter of the year after expanding 4.6% the prior quarter (initially estimated at +3.5%). Consensus expectations were calling for 1.2% growth. Household consumption continued to advance (+1.1% q/q annualized) but was contained by a surge in COVID-19 cases early in the quarter. Net exports, meanwhile, slashed 2.6 percentage points from growth as imports (+22.6% q/q annualized) rose at a much faster pace than exports did (+7.9%). Residential investment (-1.7%), too, contributed negatively to the headline growth figure, while business investment gave it a 1.0-pp boost. Prospects remain quite uncertain for Japan. On the one hand, the improvement in the health situation and the fiscal stimulus deployed to limit the effects of rising energy prices should encourage consumers to spend more in the fourth quarter. However, these factors could be partly offset by a significant reduction in purchasing power caused by a weak yen and a decline in real wages. The international trade situation, for its part, should improve now that Japan now resumed admitting international tourists; this should result in a rebound in exports.

Contributions to real GDP growth

	Q3 2022	Q2 2022
GDP	**-1.2**	**4.6**
Consumption	0.6	2.7
Business Investment	1.0	1.5
Residential Investment	-0.1	-0.3
Government	0.2	0.9
Final Domestic Demand	**1.7**	**4.8**
Exports	1.5	1.3
Imports	-4.1	-0.6
Trade	**-2.6**	**0.7**
Inventories	-0.3	-0.9

NBF Economics and Strategy (data via Refinitiv)

NBF Economic & Strategy Group

Still in Japan, the national headline consumer price index (CPI) rose 3.7% y/y in October, one tick above consensus expectations and its highest level since May 2013. The price of fresh food surged 8.1% while energy prices were up 15.2%. Excluding those two categories, the CPI advanced 2.5% from a year ago, seven ticks more than in the prior month. CPI excluding fresh food, the core measure preferred by the Bank of Japan, went from 3.0% to 3.6%, above the central bank's target of 2% and a 40-year high for this indicator.

Monthly Equity Monitor - November 2022

Highlights

- Recent developments in the U.S. offer hope that central banks may soon declare a ceasefire and halt their tightening campaign to limit the collateral damage to the economy and profits. Three-month annualized core goods inflation, which was a record 26.3% in June 2021, was only 0.4% in October 2022. This improvement is much faster than in the stagflation era when it took more than a decade of high unemployment to bring goods inflation down to current levels.
- The better-than-expected trend in inflation paved the way for USD depreciation and a significant recovery in global stock markets. The MSCI ACWI is already up 10.2% since the start of the fourth quarter, with half of those gains coming in the five days leading up to November 11.
- The S&P 500 Q3 2022 earnings reporting season is ending on a positive note. As of this writing, nearly 70% of companies had reported better-than-expected earnings. The outlook, however, remains challenging. Downward revisions were widespread, with just over 20% of S&P 500 companies revising upward their earnings per share estimates for the coming year, the worst since the COVID recession.
- The third quarter 2022 reporting season is also ending in Canada, with earnings per share for the S&P/TSX as a whole beating expectations by a larger margin than for the S&P 500. But this is mostly due to the energy sector, where companies reported earnings 25.4% above expectations. The key for a tangible expansion in the PE of energy companies will depend on their ability to deploy carbon capture, utilization and storage (CCUS) technologies that would significantly extend the life of fossil oil extraction while reducing CO2 emissions.
- Our asset allocation is unchanged this month. Equities remain underweight, fixed income retains its market weight and cash is slightly overweight. Despite the improving inflation backdrop in the U.S., the Fed has yet to commit to a pause in its interest rate tightening campaign. This obstacle must be overcome before we can become more constructive on the profit outlook. *(Full Text)*

NBF Asset Allocation

	Benchmark (%)	NBF Recommendation (%)	Change (pp)
Equities			
Canadian Equities	20	24	
U.S. Equities	20	18	
Foreign Equities (EAFE)	5	3	
Emerging markets	5	3	
Fixed Income	45	45	
Cash	5	7	
Total	100	100	

NBF Economics and Strategy

NBF Market Forecast
Canada

Index Level		*Actual* Nov-11-22	*Q1 2023* *Target*
S&P/TSX		20,112	20,100
Assumptions			Q1 2023
Level:	Earnings *	1561	1580
	Dividend	636	644
PE Trailing (implied)		12.9	12.7

** Before extraordinary items, source Thomson*

NBF Economics and Strategy

NBF Market Forecast
United States

Index Level		*Actual* Nov-11-22	*Q1 2023* *Target*
S&P 500		3,993	3,850
Assumptions			Q1 2023
Level:	Earnings *	218	220
	Dividend	65	66
PE Trailing (implied)		18.3	17.5

** S&P operating earnings, bottom up.*

NBF Economic & Strategy Group

Monthly Economic Monitor - November 2022

Highlights

- After a late start, global monetary tightening now seems well under way, with more and more central banks moving policy into restrictive territory to tame inflation. This trend shift encourages hope that prices will eventually stabilize, but its impact on the economy will be no less important, especially since it comes at a time when growth has already slowed in many regions of the world. In the Eurozone, for example, GDP expanded in Q3 at an annual rate of only 0.7%, as the effects of sharply higher energy costs began to be felt via a massive jump of inflation and a corollary drop of real remuneration. Despite a slight improvement on the energy front, we maintain our view that the Eurozone will have entered recession in the last quarter of the year. Elsewhere, our concerns have changed little over the last month. Emerging markets are still feeling the pressure of a strong greenback that is pushing up inflation and making it harder to repay debt denominated in USD. China, meanwhile, continues to feel the economic effects of its zero-Covid policy, under conditions where a weakness of consumption can no longer be fully offset by increased exports. Given recent developments, we are keeping our global growth forecasts virtually unchanged for 2022 (+3.2%) and 2023 (+2.2%). For 2024 we see an expansion of 2.9%.

- The beginning of November was marked in the U.S. by an FOMC meeting that raised the target range of the policy rate from 3.00-3.25% to 3.75%-4.00%. The move was expected, but the same cannot be said of the hawkish tone adopted by Jerome Powell when he met the press after the announcement. The Fed chairman surprised more than one observer by stating that the data released since the previous meeting were consistent with a terminal policy rate higher than the 4.75% flagged in the most recent dot plot. We disagree with this statement, believing instead that signs of an economic slowdown have intensified in recent weeks. We foresee a tough first half of next year, leading to an expansion of only 0.3% over the whole year. With the Fed likely taking its foot off the brakes at some point next year, growth should reaccelerate to 1.4% in 2024.

- In Canada, manoeuvring for the landing of the economy continues. Things are moving in the right direction for the Bank of Canada, suggesting that we are approaching the terminal policy rate of this tightening phase. The labour market shows signs of moderating and inflationary pressures are less acute and omnipresent than earlier this year. However, the haste of the tightening, together with the lag time for transmission of policy-rate moves to the economy, makes it normal for observers to be nervous. Alas, we will know only after the fact whether the Bank went too far. One thing is certain: we can now see a marked slowing in real estate entailing an extremely rapid deflation in that market. To calm inflation, in our view, it will not be necessary to keep interest rates high for long and we accordingly expect the central bank to ease substantially in the second half of next year. Given the monetary tightening, we anticipate anemic growth of 0.7% in 2023, with consumers hit simultaneously by loss of purchasing power, a negative wealth effect and an interest-payment shock. *(Full Text)*

UNITED STATES

Financial Forecast**

	Current 11/04/22	Q4 2022	Q1 2023	Q2 2023	Q3 2023	2022	2023	2024
Fed Fund Target Rate	4.00	4.50	4.75	4.75	4.50	4.50	3.50	3.00
3 month Treasury bills	4.02	4.55	4.65	4.50	4.05	4.55	3.40	2.65
Treasury yield curve								
2-Year	4.66	4.50	4.45	4.05	3.45	4.50	3.00	2.75
5-Year	4.33	4.10	4.05	3.75	3.40	4.10	3.10	2.95
10-Year	4.17	3.95	3.85	3.60	3.35	3.95	3.20	3.05
30-Year	4.27	4.10	4.00	3.80	3.60	4.10	3.45	3.25
Exchange rates								
U.S.$/Euro	0.99	0.97	0.99	1.03	1.05	0.97	1.06	1.12
YEN/U.S.$	147	146	140	132	125	146	122	119

*** end of period*

Quarterly pattern

	Q1 2022 actual	Q2 2022 actual	Q3 2022 actual	Q4 2022 forecast	Q1 2023 forecast	Q2 2023 forecast	Q3 2023 forecast	Q4 2023 forecast
Real GDP growth (q/q % chg. saar)	(1.6)	(0.6)	2.6	1.8	(0.4)	(1.7)	0.2	1.1
CPI (y/y % chg.)	8.0	8.6	8.3	7.2	5.5	3.4	2.4	2.3
CPI ex. food and energy (y/y % chg.)	6.3	6.0	6.3	6.1	5.3	4.3	3.3	2.8
Unemployment rate (%)	3.8	3.6	3.6	3.7	3.9	4.3	4.4	4.5

National Bank Financial

CANADA

Financial Forecast**

	Current 11/04/22	Q4 2022	Q1 2023	Q2 2023	Q3 2023	2022	2023	2024
Overnight rate	3.75	4.25	4.25	4.25	4.25	4.25	3.75	3.00
3 month T-Bills	4.00	4.30	4.25	4.20	4.05	4.30	3.60	2.90
Treasury yield curve								
2-Year	4.14	4.05	3.95	3.50	3.30	4.05	3.15	2.70
5-Year	3.67	3.40	3.35	3.20	3.05	3.40	2.95	2.85
10-Year	3.50	3.25	3.20	3.10	3.00	3.25	2.95	2.90
30-Year	3.51	3.30	3.25	3.20	3.15	3.30	3.10	3.00
CAD per USD	1.35	1.39	1.36	1.30	1.25	1.39	1.24	1.27
Oil price (WTI), U.S.$	93	82	79	76	77	82	80	75

*** end of period*

Quarterly pattern

	Q1 2022 actual	Q2 2022 actual	Q3 2022 forecast	Q4 2022 forecast	Q1 2023 forecast	Q2 2023 forecast	Q3 2023 forecast	Q4 2023 forecast
Real GDP growth (q/q % chg. saar)	3.1	3.3	1.3	0.6	(0.3)	0.7	1.0	1.4
CPI (y/y % chg.)	5.8	7.5	7.2	6.6	4.9	2.4	1.9	1.9
CPI ex. food and energy (y/y % chg.)	4.0	5.1	5.4	5.4	4.9	3.6	2.7	2.6
Unemployment rate (%)	5.8	5.1	5.2	5.3	5.8	6.0	6.1	6.2

National Bank Financial

NBF ECONOMIC & STRATEGY GROUP

Fixed Income — November 2022

- Additional tightening must be expected, with the Bank of Canada (on December 7th) and then t FOMC (on December 14th) poised to hike for a seventh consecutive time in the final announceme of 2022.
- In the BoC's case, it's possible that December's hike (we currently anticipate 50 bps, with th contingent on the next inflation print) could be the last. To be clear, there's nothing terribly magi about the turn of the calendar when it comes to monetary policymaking. But after pushing the poli rate further into restrictive territory (up to 4.25%), it will be appropriate to pause in order to asse the slowdown in Canadian growth and inflation.
- Jay Powell's Fed may opt for an additional anti-inflation insurance policy early in 2023, in the form final rate hike to 4.75% for fed funds upper. Here again, however, an expectation of rapi moderating U.S. inflation should give the FOMC what it needs to declare a cease fire (in terms policy rate hikes), kicking off what could be a traditionally short period of monetary policy stability.
- Further out, markets are still expecting fed funds (upper bound target) to remain near 4% through 2024—just as the FOMC signaled in its September dot plot. But we continue to push back. We can concede the point the Fed will likely be more reluctant to provide ultra-easy monetary again in the future (as it did in 2020 and 2021). But lowering rates from close to 5% to 3% is not that. The Fed still views 2.5% as the long-run neutral rate. Theoretically, at least, a policy rate at or above that level won't add upward pressure to inflation. The same goes for the Bank of Canada. Simply put, suffocatingly restrictive monetary policy won't be needed in a year's time.

Forecast dated November 14, 2022

United States						
Quarters	Fed Funds	3 Mth Bill	2YR	5YR	10YR	30YR
14-Nov-22	4.00	4.19	4.41	3.99	3.86	4.05
Q4	4.50	4.55	4.50	4.10	3.95	4.10
Q1:2023	4.75	4.65	4.45	4.05	3.85	4.00
Q2	4.75	4.50	4.05	3.75	3.60	3.80
Q3	4.50	4.05	3.45	3.40	3.35	3.60
Q4	3.50	3.40	3.00	3.10	3.20	3.45
Q1:2024	3.00	2.90	2.90	3.05	3.15	3.35
Q2	3.00	2.80	2.85	3.00	3.10	3.30
Q3	3.00	2.70	2.80	2.95	3.05	3.25

Canada						
Quarters	Overnight	3 Mth Bill	2YR	5YR	10YR	30YR
14-Nov-22	3.75	4.02	3.85	3.31	3.14	3.26
Q4	4.25	4.30	4.05	3.40	3.25	3.30
Q1:2023	4.25	4.25	3.95	3.35	3.20	3.25
Q2	4.25	4.20	3.50	3.20	3.10	3.20
Q3	4.25	4.05	3.30	3.05	3.00	3.15
Q4	3.75	3.60	3.15	2.95	2.95	3.10
Q1:2024	3.25	3.10	2.95	2.90	2.95	3.05
Q2	3.00	3.05	2.80	2.85	2.95	3.00
Q3	3.00	2.90	2.70	2.85	2.90	3.00

Source: NBF ECONOMIC AND STRATEGY GROUP.

IN THE NEWS

U.S. and Canadian News

Monday November 14th, 2022

- **U.S. House control hangs on tight races after Democrats win Senate**
  Republicans were closer to taking the House, having won 212 seats compared to Democrats' 206, with 218 needed for a majority. After clinching the Senate over the weekend and dispelling Republican hopes for a "red wave" of gains, Democrats portrayed their performance as vindication of their agenda and a rebuke of Republican efforts to undermine the validity of election results.
- **Biden and Xi clash over Taiwan in Bali but Cold War fears cool**
  U.S. President Joe Biden and Chinese President Xi Jinping engaged in blunt talks over Taiwan and North Korea on Monday in a three-hour meeting aimed at preventing strained U.S.-China ties from spilling into a new Cold War.
- **Ontario slashes deficit projection 35% on higher tax revenue**
  Ontario's budget shortfall is now expected to be $12.9 billion in the fiscal year ending March 31, 2023, compared to $19.9 billion projected in the April budget.

Tuesday November 15th, 2022

- **U.S. producer prices rise less than expected in October**
  The producer price index for final demand rose 0.2% last month. Data for September was revised lower to show the PPI rebounding 0.2% instead of 0.4% as previously reported. In the 12 months through October, the PPI increased 8.0 after climbing 8.4% in September.
- **N.Y. Fed's Empire State business index rises more than expected**
  The regional Fed's "Empire State" index on current business conditions rose to a reading of 4.5 in November - the highest since July - from negative 9.1 in October. That exceeded the median estimate of economists for a reading of negative 5 and topped all 29 forecasts in the poll.
- **Canadian home sales edge up 1.3% in October**
  Canadian home sales rose 1.3% in October from September, the first month-over-month gain since February. The national average selling price edged up 0.65% to $644,643 in October from $640,479 in September, but was down 9.9% on the year.
- **Canada September factory sales flat on aerospace, metals**
  Canadian factory sales were unchanged in September from August as higher sales in aerospace products and primary metals balanced out lower sales in petroleum and coal products.
- **Canada September wholesale trade up 0.1% on pharmaceuticals**
  Canadian wholesale trade increased by 0.1% in September from August on the higher sales in the personal and household goods subsector. Sales fell by 0.2% in volume terms.

Wednesday November 16th, 2022

- **U.S. retail sales rise solidly; fourth-quarter GDP estimates raised**
  Retail sales rose 1.3% last month after being unchanged in September. Economists had forecast sales would rise 1.0%. Sales increased 8.3% on a year-on-year basis in October.
- **U.S. import prices fall further in October**
  Import prices fell 0.2% last month after decreasing 1.1% in September. In the 12 months through October, import prices increased 4.2%, the smallest rise since February 2021, after climbing 6.0% in September. Economists had forecast import prices falling 0.4% month-on-month.
- **U.S. manufacturing output barely rises; prior months revised down**
  Manufacturing output edged up 0.1% last month. Data for September was revised lower to show production at factories rising 0.2% instead of 0.4% as previously reported. Production in August increased only 0.1%, rather than 0.4% as previously estimated.
- **Canadian inflation holds steady**
  The consumer price index rose 6.9% in October, in line with analyst calls, and was up 0.7% on a month-over-month basis, also matching forecasts. Excluding food and energy, prices rose 5.3%, easing from 5.4% in September.

Thursday November 17th, 2022

- **U.S. weekly jobless claims fall despite surge in technology layoffs**
  Initial claims for state unemployment benefits dropped 4,000 to a seasonally adjusted 222,000 for the week ended Nov. 12. Data for the prior week was revised to show 1,000 more applications than previously reported. Economists had forecast 225,000 claims for the latest week.
- **U.S. housing starts tumble in October amid soaring mortgage rates**
  Housing starts decreased 4.2% to a seasonally adjusted annual rate of 1.425 million units last month. Data for September was revised higher to a rate of 1.488 million units from the previously reported 1.439 million units.

Friday November 18th, 2022

- **Fed's Collins: Another 75-bps hike could be ahead**
  Federal Reserve Bank of Boston leader Susan Collins said that with little evidence price pressures are waning, the Fed may need to deliver another 75-basis point rate hike as it seeks to get inflation under control.
- **Canada October producer prices up 2.4% on petroleum products**
  Producer prices in Canada rose by 2.4% in October from September on higher prices for refined petroleum energy products. The increase followed a downwardly revised 0.0% change September. Raw materials prices were up 1.3% in October, and were up 9.0% on the year. Analysts forecast a 0.4% increase in producer prices in October from September.
- **Canada home price index slides again in October**
  The Teranet–National Bank National Composite House Price index which tracks repeat sales of single-family homes in major Canadian markets, dropped 0.8% on the month, led by sharp declines in Halifax, Nova Scotia and Hamilton, Ontario.

Click on title to view the full story.

IN THE NEWS

International News

Monday November 14th, 2022

- **China allows property developers to access some pre-sale funds**
  China's financial regulator will allow property developers to access some pre-sale housing funds, the latest move to ease a liquidity crunch which has plagued the real estate sector since mid-2020.
- **New China COVID rules spur concern as some cities halt routine tests**
  Several Chinese cities began cutting routine community COVID-19 testing on Monday, days after China announced an easing of some of its heavy-handed coronavirus measures, sparking worry in some communities as nationwide cases continued to rise.

Tuesday November 15th, 2022

- **China's economy loses momentum as COVID curbs hit factories, consumers**
  Industrial output rose 5.0% in October from a year earlier, missing expectations for a 5.2% gain and slowing from the 6.3% growth seen in September. Retail sales fell for the first time since May, when Shanghai was under a city-wide lockdown. Sales dropped 0.5%, against expectations for a 1.0% rise and compared with a 2.5% gain in September.
- **Japan's economy unexpectedly shrinks as hot inflation, global slowdown take toll**
  Gross domestic product fell an annualised 1.2% in July-September, compared with economists' median estimate for a 1.1% expansion and a revised 4.6% rise in the second quarter. It translated into a quarterly decline of 0.3%, versus a forecast of 0.3% growth.
- **India's Oct retail inflation eases, spurs smaller rate hike views**
  India's annual retail inflation eased to a three-month low of 6.77% in October, helped by a slower rise in food prices and a higher base effect, strengthening bets of smaller rate hikes by the country's central bank at its meeting next month.
- **Euro zone trade gap smaller than expected, Russia deficit surges**
  The European Union's statistics office Eurostat said the seasonally unadjusted trade deficit of the 19 countries sharing the euro with the rest of the world was 34.4 billion euros in September, against a 6.7 billion surplus 12 months earlier. Economists had expected the deficit to reach 44.5 billion euros in September.

Wednesday November 16th, 2022

- **UK inflation hits 41-year high as Hunt readies tough budget**
  Consumer prices rose 11.1% in the 12 months to October, the most since October 1981 and a big jump from 10.1% in September. Economists - many of whom think inflation is probably peaking around now - had forecast inflation would rise to 10.7%.
- **Fears of war spillover ease after NATO says missile on Poland was Ukrainian stray**
  A missile that crashed inside Poland was probably a stray fired by Ukraine's air defences and not a Russian strike, Poland and military alliance NATO said.
- **Jobless rate rises as UK prepares to tighten belts again**
  The jobless rate rose to 3.6%, pushed up by a rate of 3.8% in September alone. Economists had expected the unemployment rate to remain at 3.5%.
- **China's home prices see biggest fall in 7 years, recovery bumpy**
  New home prices slumped 1.6% year-on-year after a 1.5% fall in September. That was the biggest annual drop since August 2015 and the sixth month of contraction.

Thursday November 17th, 2022

- **Jeremy Hunt hikes taxes, squeezes spending to restore markets' faith in UK**
  Outlining a 55 billion-pound plan - almost half from tax rises - to fix the public finances, Hunt said the economy was already in recession and set to shrink next year as it struggles with inflation forecast to average 9.1% this year and 7.4% in 2023.
- **European car sales grow in October**
  The number of new vehicles registered in the European Union, Britain and the European Free Trade Association (EFTA) grew by 14.1% to 910,753 units, the European Automobile Manufacturers Association (ACEA) said.
- **Hong Kong's August-October unemployment eases to 3.8%, improving for 6th straight period**
  Hong Kong's seasonally adjusted unemployment rate eased to 3.8% in the August-October quarter, improving for the sixth consecutive period as economic activities revive in an easing COVID situation. In the July-September period, the unemployment rate stood at 3.9%.

Friday November 18th, 2022

- **UK retail sales recover only partially as outlook darkens**
  Retail sales volumes rose in October by 0.6% month-on-month, following a 1.5% drop in September. A Reuters poll of economists had pointed to a 0.3% rise from September.
- **Norway's economy grew more than expected in Q3**
  The July-September quarter saw a rise in mainland GDP of 0.8% compared with the April-June period, while economists had expected an increase of 0.4%. In September, the final month of the quarter, mainland GDP grew unexpectedly, by 0.4%. The average prediction had been for a decline of 0.3%.
- **Japan's inflation hits 40-year high as BOJ sticks to easy policy**
  The nationwide core consumer price index (CPI) was up 3.6% on a year earlier, exceeding the 3.5% rise expected by economists and the 3.0% gain seen in September.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Restaurant Brands International Inc	$89.38	$8.82	10.95%
Metro Inc	$76.67	$4.57	6.34%
Dye & Durham Ltd	$13.76	$0.79	6.09%
Stelco Holdings Inc	$43.87	$2.40	5.79%
CCL Industries Inc	$62.37	$3.39	5.75%
Hydro One Ltd	$35.51	$1.55	4.56%
Definity Financial Corp	$38.01	$1.59	4.37%
Thomson Reuters Corp	$151.95	$6.22	4.27%
Linamar Corp	$65.04	$2.60	4.16%
Primo Water Corp	$19.78	$0.79	4.16%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Algonquin Power & Utilities Corp	$10.28	-$2.06	-16.69%
Converge Technology Solutions Corp	$3.97	-$0.70	-14.99%
Lightspeed Commerce Inc	$20.15	-$3.37	-14.33%
Dundee Precious Metals Inc	$6.17	-$0.90	-12.73%
First Quantum Minerals Ltd	$29.51	-$4.05	-12.07%
Canopy Growth Corp	$4.96	-$0.65	-11.59%
Brookfield Business Partners LP	$26.90	-$3.30	-10.93%
Nuvei Corp	$40.19	-$4.80	-10.67%
Lithium Americas Corp	$33.57	-$4.00	-10.65%
Headwater Exploration Inc	$6.39	-$0.75	-10.50%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Ross Stores Inc	$107.59	$11.42	11.87%
Jack Henry & Associates Inc	$186.96	$12.47	7.15%
Lincoln National Corp	$37.73	$2.49	7.07%
Enphase Energy Inc	$311.94	$19.93	6.83%
Cisco Systems Inc	$47.79	$3.00	6.70%
Merck & Co Inc	$104.23	$6.27	6.40%
Bath & Body Works Inc	$38.23	$2.23	6.19%
Moderna Inc	$181.59	$10.39	6.07%
Solaredge Technologies Inc	$306.39	$17.48	6.05%
Amerisourcebergen Corp	$162.00	$8.99	5.88%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Advance Auto Parts Inc	$147.50	-$38.89	-20.86%
Albemarle Corp	$276.98	-$48.40	-14.87%
Capital One Financial Corp	$98.96	-$17.29	-14.87%
Live Nation Entertainment Inc	$66.21	-$10.49	-13.68%
Align Technology Inc	$193.56	-$25.42	-11.61%
Synchrony Financial	$35.89	-$4.34	-10.79%
Carmax Inc	$66.56	-$8.02	-10.75%
DISH Network Corp	$15.23	-$1.77	-10.41%
West Pharmaceutical Services Inc	$225.00	-$25.93	-10.33%
Generac Holdings Inc	$102.87	-$11.21	-9.83%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Algonquin Power & Utilities Corp.	AQN	Sector Perform	Sector Perform	**US$12.50**	**US$13.50**
Alimentation Couche-Tard Inc.	ATD	Outperform	Outperform	**C$69.00**	**C$68.00**
Bank of Montreal	BMO	Sector Perform	Sector Perform	**C$147.00**	**C$151.00**
Bank of Nova Scotia	BNS	Sector Perform	Sector Perform	**C$85.00**	**C$90.00**
Boardwalk REIT	BEI.un	Outperform	Outperform	**C$63.00**	**C$60.00**
CAE Inc.	CAE	Outperform	Outperform	**C$34.00**	**C$33.00**
Canadian Imperial Bank of Commerce	CM	Outperform	Outperform	**C$80.00**	**C$84.00**
Canadian Western Bank	CWB	Outperform	Outperform	**C$34.00**	**C$38.00**
CES Energy Solutions Corp.	CEU	Outperform	Outperform	**C$4.00**	**C$3.85**
Choice Properties Real Estate Investment Trust	CHP.un	Sector Perform	Sector Perform	**C$14.50**	**C$13.50**
Chorus Aviation Inc.	CHR	Outperform	Outperform	**C$4.80**	**C$5.00**
Dialogue Health Technologies Inc.	CARE	Outperform	Outperform	**C$6.75**	**C$8.50**
Dream Industrial REIT	DIR.UN	Outperform	Outperform	**C$14.00**	**C$13.50**
Dundee Precious Metals Inc.	DPM	Outperform	Outperform	**C$8.50**	**C$8.75**
Endeavour Mining plc	EDV	Outperform	Outperform	**C$36.00**	**C$35.75**
Farmers Edge Inc.	FDGE	Sector Perform	Sector Perform	**C$0.30**	**C$0.50**
Fortuna Silver Mines Inc.	FVI	Sector Perform	Sector Perform	**C$5.25**	**C$4.75**
goeasy Ltd.	GSY	**Restricted**		**Restricted**	
good natured Products Inc.	GDNP	Outperform	Outperform	**C$0.75**	**C$1.25**
H&R Real Estate Investment Trust	HR.un	Outperform	Outperform	**C$14.25**	**C$13.50**
Hydro One Limited	H	Sector Perform	Sector Perform	**C$32.00**	**C$31.00**
i-80 Gold Corp.	IAU	**Outperform**		**C$4.25**	
Inovalis REIT	INO.UN	Sector Perform	Sector Perform	**C$4.00**	**C$5.00**
K92 Mining Inc.	KNT	Outperform	Outperform	**C$11.25**	**C$11.00**
K-Bro Linen Inc.	KBL	Sector Perform	Sector Perform	**C$34.50**	**C$36.00**
Kinross Gold Corp	K	Outperform	Outperform	**C$8.25**	**C$9.25**
Lassonde Industries Inc.	LAS.A	Outperform	Outperform	**C$135.00**	**C$138.00**
Laurentian Bank	LB	Sector Perform	Sector Perform	**C$46.00**	**C$51.00**
Loblaw Companies Limited	L	Outperform	Outperform	**C$130.00**	**C$126.00**
Metro Inc.	MRU	Sector Perform	Sector Perform	**C$79.00**	**C$75.00**
Nexus Industrial REIT	NXR.un	Sector Perform	Sector Perform	**C$10.75**	**C$9.75**
NFI Group Inc.	NFI	Sector Perform	Sector Perform	**C$14.00**	**C$13.00**
NorthWest Healthcare Properties REIT	NWH.un	Sector Perform	Sector Perform	**C$11.00**	**C$11.50**
Pet Valu Holdings Ltd.	PET	**Sector Perform**	**Restricted**	**C$44.00**	**Restricted**
Saputo Inc.	SAP	Outperform	Outperform	**C$41.00**	**C$39.00**
Shawcor Ltd.	SCL	Outperform	Outperform	**C$14.00**	**C$12.00**
Sienna Senior Living Inc.	SIA	Outperform	Outperform	**C$14.00**	**C$14.50**
Stantec Inc.	STN	Outperform	Outperform	**C$74.00**	**C$70.00**
Stelco Holdings Inc.	STLC	Sector Perform	Sector Perform	**C$47.00**	**C$44.00**
Summit Industrial Income REIT	SMU.un	**Tender**	**Outperform**	**C$23.50**	**C$21.25**
Taiga Motors Corp.	TAIG	**Sector Perform**	**Outperform**	**C$5.50**	**C$8.00**
Tidewater Midstream and Infrastructure Ltd.	TWM	Outperform	Outperform	**C$1.50**	**C$1.75**
Torex Gold Resources Inc.	TXG	Sector Perform	Sector Perform	**C$15.50**	**C$15.00**
Toronto-Dominion Bank	TD	Sector Perform	Sector Perform	**C$103.00**	**C$106.00**
Wesdome Gold Mines Ltd.	WDO	Outperform	Outperform	**C$14.00**	**C$14.50**

STRATEGIC LIST - WEEKLY UPDATE

(November 14th – November 18th)

Changes this Week

Removed: Enbridge Inc. (ENB)

We removed Enbridge Inc. from the NBF Strategic List based on its lower quantitative score in our screening model after NBF downgraded the stock to Sector Perform (was Outperform) on valuation.

Removed: Summit Industrial Income REIT (SMU.UN)

We removed Summit Industrial Income REIT from the NBF Strategic List based on its lower quantitative score in our screening model. Dream Industrial REIT, along with GIC (Singapore's sovereign wealth fund) offered to acquire Summit for cash proceeds of $5.9 billion or $23.50 per unit. This transaction has received unanimous recommendation from the special committee of the Board of Summit and is expected to close in Q1/23. NBF moved to a Tender Rating (was Outperform), as it views the proposed purchase price as fair and the probability of a superior offer as unlikely given the transaction valuation, a right to match by the buyer and $160 mln reciprocal break fee.

Added: Keyera Corp. (KEY)

We added Keyera Corp. to the NBF Strategic List on November 17, 2022 based on its higher quantitative score in our screening model.

Thesis: Keyera Corp. is a pure midstream company with three major lines of business: natural gas gathering and processing (G&P); Liquids Infrastructure (processing, transportation and storage); and NGL and crude oil Marketing. The majority of KEY’s natural gas G&P cash flows are earned through fee-for- service agreements and to a lesser extent take-or-pay arrangements. Meanwhile, KEY's competitive advantage within its Liquids Infrastructure is derived from unparalleled connectivity within the Edmonton / Ft. Saskatchewan NGL hub, underpinned largely by cost of service / take-or-pay cash flows. Lastly, KEY's margin-based Marketing business provides a complement to its logistic expertise and strategic assets. KEY continues construction of its KAPS project, now ~90% complete with capital cost guidance revised up to $1.0 bln. KAPS is on track to hit its early 2023 ISD while management remains optimistic on inking contracts and filling capacity, while NBF forecasts a ~8% ROIC based on EBITDA contributions ramping up towards a 2025+ run-rate of ~$80 mln. Meanwhile, the company continues its Low Carbon Hub strategy, anchored by its Josephburg land position and strategic partnership with Shell, allowing KEY to leverage its connectivity advantage in the Edmonton / Fort Sask area.

Added: Dream Industrial REIT (DIR.UN)

We added Dream Industrial REIT to the NBF Strategic List on November 17, 2022 based on its higher quantitative score in our screening model.

Thesis: Dream Industrial REIT is an unincorporated, open-ended REIT that invests in the Canadian, U.S. and European industrial real estate sector. Dream Industrial REIT’s portfolio currently consists of 374 properties with approximately 39.6 mln square feet of leasable area of light industrial properties at Q3/22. Dream Industrial was spun out of Dream Office REIT which owns a ~11% stake in the REIT. Dream IR offers investors a ~5.8% yield at a payout ratio of ~91%. The payout ratio will likely decline as Dream IR deploys its ample liquidity and make accretive acquisitions. NBF views the Dream “family’s” superior access to capital due to strong institutional and retail investor support as a key competitive advantage that will foster outsized growth. Dream Office REIT and Michael Cooper all have invested in Dream IR. This shows commitment on the part of the sponsors and alignment with unitholders. Although NBF has a preference for internalized management platforms, the REIT’s external management agreement with Dream Unlimited Corp. provides a national network of high quality real estate professionals and superior, technology-driven back office. NBF believes the depth of operations of the asset manager provides the REIT with extensive resources to support its growth plans. In NBF's view the acquisition of Summit Industrial Income REIT (in a JV with GIC) deepens DIR's exposure to the strong GTA and Montreal markets. While it would be modestly dilutive on a leverage neutral basis, the REIT has the luxury of a strong existing balance sheet and enough buffer to defer the need to issue equity, which when combined with fee income expected, arrives to a slightly accretive deal.

Comments

Communications Services (Market Weight)

Rogers Communications Inc. (RCI.b)

NBF: Hearings continued this week at the tribunal on the Rogers-Shaw merger. One page from a TELUS deck prepared for a June 9, 2021 meeting with the Competition Bureau opened a few eyes to just how aggressively the western telco was maneuvering against the Rogers-Shaw deal. Its internal Project Fox was about killing the deal or slowing it while shaping the narrative with politicians, regulators and reporters. "Kill, slow, and shape" as several media outlets have already reported on the western telco's strategy are the sort of words that could otherwise be reserved for trying to stop an advancing army. In that regard, the same page of the deck had a bullet that called to "mobilize western alienation activists and seed information with those groups that this is a bad deal for western Canada which will lead to layoffs, declining investment, etc. in the long term". An earlier bullet stated "How do we kill this deal without making it about competition? Make it about jobs". The Competition Bureau has opposed the Rogers-Shaw deal. It has also slowed the regulatory process by not engaging with the companies during two rounds of mediation as it prepared for the Tribunal hearing which it hoped to extend all the way to the latter half of January before the Chief Justice concluded in a case management conference that it would run for four weeks with two Fridays required to accomplish this. The regulator also tried to shape the scope of the hearing to focus on the original and no longer existing Rogers-Shaw deal which would have necessitated a fight over efficiencies rather than on the remedial sale solution which is more a debate on whether the sale of Freedom to Quebecor resolves a substantial lessening or prevention of competition. The Chief Justice in another case management conference before the hearing encouraged the parties to focus on the Freedom transaction.

Consumer Staples (Overweight)

Loblaw Companies Ltd. (L)

NBF: NBF considers quarterly results to be good given a beat across most key metrics. Relative to NBF, operating performance was ahead of expectations, while higher D&A/interest were mostly offset by a lower tax rate and lower noncontrolling interest (EPS was $2.01 vs. NBF/cons. at $1.90/$1.96; LY was $1.59). Consolidated revenue was $17,388 mln vs. NBF at $16,973 mln; last year was $16,050 mln. Food Retail revenue was $12,221 mln vs. NBF at $11,951 mln; last year was $11,382 mln. Food Retail sssg was at 6.9% vs. NBF at 3.2% and last year at 0.2%. Drug Retail (SC) revenue was $4,909 mln vs. NBF at $4,796 mln; last year was $4,449 mln. Total Drug Retail sssg was 7.7% vs. NBF at 3.7%; last year was 4.4%. Given solid YTD performance and momentum exiting Q3, management now expects 2022 EPS growth to be in the high teens (was mid-to-high teens; NBF models Q4 EPS growth of 9% y/y). L also noted continued strong performance in its discount banners, coupled with a shift to private label while drug retail continued to benefit from higher margin categories (beauty, OTC). NBF recommends L as its preferred grocer and increased its price target to $130.00 from $126.00.

Financials (Market Weight)

Canadian Imperial Bank of Commerce (CM)

NBF: Q4/22 Preview: NBF made (slight & targeted) adjustments to its EPS forecasts and (more substantial and broader) adjustments to its target prices for banks. Rationale is as follows: 1) EPS revisions targeted to BMO & RY to reflect the impact of the stronger USD 2) Cutting target P/E and P/B multiples by 0.5x-1.0x. These adjustments are made to reflect greater uncertainty to earnings outlook, which could be heavily influenced by PCL volatility. In other words, NBF adjusted its valuation multiples to reflect EPS downside risk that could stem from higher loan loss provisions. CM delivered 4bps of sequential NIM expansion (ex-trading) during Q3/22, which contributed to a positive market reaction to results. However, management's commentary during the call was cautious with regard to the outlook. For instance, factors such as lower prepayments and tighter mortgage origination margins could result in NIM being relatively "stable" in the short term. Separately, the U.S. segment that would normally be considered a NIM driver will likely act as a drag as hedges that provide downside risk to NIM in a falling rate environment hurt performance in a rising rate environment. NBF notes that CM's Call Report produced 48bps of Q/Q NIM expansion in the U.S. business during calendar Q3/22. NBF understands, though, that these financials do not include hedging costs, which will yield a very different outcome (i.e., NIM compression) in CM's fiscal results. Overall, NBF is forecasting relatively lower NIM expansion for CM (e.g., 1bps Q/Q vs. 6bps peer average, excl. BNS). Looking for shift in tone on 2023 expense growth. CM's year-to-date non-interest expense (NIX) growth of 11% (excl. variable comp) is ~ double the peer average so far this year. To be fair, this escalation of CM's cost base was not unexpected, as management had guided to higher investment spending in 2022 with the release of its Q4/21 results. Nonetheless, NBF believes investors are looking for moderation of expense growth in the year ahead. And on that front, NBF is optimistic. If anything, the "comps" effect should lead to lower NIX growth rates. Separately, management indicated that expense growth should moderate over the next few quarters on plateauing U.S. expenses, lessening inflation pressures and stabilizing Costco-related expenses. Mortgage exposure could shift to a positive sentiment driver over the next 6-8 months. One of the main factors to explain CM's stock underperformance this year is the bank's relatively higher exposure to mortgage lending. At ~55%, its lending exposure to Canadian Real Estate Secured Lending (RESL) sits above the 44% average for peers. There are no clear signs that CM's RESL book is different in terms of risk level, though. Originations over the past 2 years had an average LTV of 64%, lower than peers at 69%. At Q3/22, the book's delinquency rate of 22bps compared to the 23bps peer average. In NBF's view, a shift in sentiment towards RESL exposure is an important catalyst for the stock. While such a shift seems remote at this stage, NBF believes it is coming in the next 6-8 months. The Bank of Canada's 50bps rate hike (vs. 75bps expected) could signal a shift to a more dovish (or less hawkish) stance. If we are nearing the end of the rate hike cycle, the risk perception of mortgage exposure should soften. NBF maintained its Outperform rating and lowered its target price to $80.00 from $84.00 previously.

Royal Bank of Canada (RY)

NBF: Q4/22 Preview: NBF made (slight & targeted) adjustments to its EPS forecasts and (more substantial and broader) adjustments to its target prices for banks. Rationale is as follows: 1) EPS revisions targeted to BMO & RY to reflect the impact of the stronger USD 2) Cutting target P/E and P/B multiples by 0.5x-1.0x. These adjustments are made to reflect greater uncertainty to earnings outlook, which could be heavily influenced by PCL volatility. In other words, NBF adjusted its valuation multiples to reflect EPS downside risk that could stem from higher loan loss provisions. The exception here is RY, the valuation of which NBF maintained due to its industry-high CET 1 ratio and relatively stronger NIM outlook.The potential sale of HSBC Canada was floated on October 3rd,2022, creating one of the most talked about catalysts in the domestic banking landscape. While NBF argued that all banks would be interested in this transaction, RY seems to be in the pole position, given an excess capital position (i.e., ~$12 bln @ Q3/22) that virtually eliminates the need to raise common equity to finance a purchase that could amount to $10 bln. While NBF doesn't expect the bank to offer any specifics related to a potential deal, NBF believes it could address a primary roadblock: industry concentration. That is, RY has around 21% market share in Canadian loans and deposits, a figure that would rise 200-300bps following an acquisition of HSBC Canada. Aside from the credit performance, NIM expansion is one of the most closely watched financial metrics in banking these days. RY did not disappoint during Q3/22, with its all-bank NIM (ex-trading) expanding by 13bps (vs. peer average of 8bps, excl. BNS). The value of RY's large core deposit base has increased, as funding has become dearer for banks, particularly smaller lenders in Canada. In short, RY does not need to be as aggressive in chasing higher-cost fixed-term/brokered deposits as some banks do, which should result in superior NIM performance. While investors know of the bank's deposit strength in Canada, it also operates a lower funding cost structure in its U.S. operations. NBF notes that its U.S. Call reports showed the bank's deposits base fell by 3% Q/Q, the net result of a 9% decline in zero-cost deposits offset by a 4% increase in interest-bearing deposits. We saw other banks (e.g., CM in the U.S.) report much higher growth in interest-bearing deposit balances during the same period. RY's strategy appears to be taking advantage of its sub-100% loans-to-deposits ratio in order to minimize its need to pursue higher-cost funding sources. Capital markets should rebound from exceptionally weak Q3. PTPP fell 52% Y/Y in this segment during Q3/22. Aside from a 47% drop in advisory revenues (to which RY's exposure is ~2x the industry average), trading revenues fell 40%. Weakness was acerbated by a $385mln mark-down on RY's HY inventory positions. While NBF doesn't expect the bank to report any recoveries of this amount in the upcoming quarter, nor does it expect it to take additional charges. U.S. banks that had reported similar losses during calendar Q2/22 (e.g, JPM, MS and BAC) didn't take any significant additional charges during their Q3/22 results.

Information Technology (Market Weight)

Open Text Corp. (OTEX)

NBF: OpenText announced that it had finalized the terms related to the debt that will be used to finance the "recently" announced acquisition of Micro Focus International plc. In summary, the Company has priced senior secured fixed rate notes maturing in 2027, with a notional amount of US$1.0 bln at a rate of 6.90%. Further, the Company has successfully fully syndicated its first lien term loan facility maturing in 2029 in the amount of US$3.585 bln which will bear interest at an annual rate equal to adjusted term SOFR (Secured Overnight Financing Rate) plus a 3.50% spread. The Company expects the Notes Offering to close on December 1, 2022 with an amendment to the Term Loan credit facility to be made on the same day. Upon closing, the bridge loan agreement (Notional of $2.0 bln @ 6%) in connection with the acquisition will be terminated undrawn and the entire previously announced US$4.585 bln aggregate debt financing package for the acquisition will be finalized. After giving effect to the Notes Offering and the above noted borrowings, following closing of the Acquisition, the Company's long-term debt would be approximately US$9.3 bln (debt mix: 46% fixed and 54% floating), with a weighted average interest rate of ~5.88% and weighted average maturity of ~6 years. This financing clears another gate to this transaction closing (other notables are pending regulatory approvals and customary closing conditions). The terms noted above are consistent with NBF's initial analysis – it continues to expect an approximate 25%-30% increase in Adj. EPS but will finalize its model subsequent to closing. OpenText expects the acquisition of Micro Focus to close sometime during CQ1'23 and reiterated its target to reach a net leverage ratio (Net Debt/EBITDA) of less than 3x within eight quarters following the closing of the acquisition. OTEX remains one of NBF's favourite "legacy" names. NBF thinks the pullback in the stock continues to be overdone; and in its view the current valuation presents an attractive entry point for investors given

NBF's expectations that the Company will quickly de-lever the balance sheet. NBF sees a growing base of recurring revenue through opportunistic acquisitions, expanding operating leverage and optionality from organic growth that is not fully reflected in its current stock price. NBF maintained its Outperform rating and US$60.00 target price.

Materials (Overweight)

Kinross Gold Corp. (K)

NBF: On November 9 Kinross reported its Q3 results and slight revisions to guidance. Q3 Adj EPS came in at US$0.05, a penny shy of consensus and a beat to our estimate of US$0.03. Management signaled that they expect full year production from continuing operations (excl. Chirano and Kupol) to be ~2.0MGEO in 2022, which is at the low end of their prior guidance range, while 2023 and 2024 production are expected to be ~2.1MGEO before slightly decreasing to 2.0MGEO in 2025 as Round Mountain transitions to more profitable (per oz) underground mining. Kinross' development projects, including Tasiast 24k and Manh Choh, remain on track, while drilling at Great Bear is continuing to show significant upside potential with an initial resource expected in early 2023. NBF updated its model to include Kinross' Q3 results and tweaked its estimates to better align with the multi-year guidance update. As a result of its changes, NBF sees its NAV fall by ~11% to C$9.62/sh (mostly tied to changes at Round Mountain), and its target has decreased a dollar to C$8.25. NBF remains Outperform rated on Kinross and continue to view Kinross as a Top Pick in the Senior Producer space.

Real Estate (Underweight)

Multi-family REITs

NBF: NBF's Canadian multifamily REIT coverage universe (BEI.un, CAR.un, IIP.un, KMP.un & MI.un) have joined together to launch a website (ForAffordable.ca), forming the Canadian Rental Housing Providers For Affordable Housing lobby group and publishing their submission to House of Commons' Standing Committee on Finance's (FINA) Pre-Budget Consultations. The intent is to put forward policy recommendations they believe will assist in solving the housing supply and affordability crisis facing Canada. The website's proposals are high level but focus largely on supply-side solutions while cautioning on the impacts of barriers to investment (namely taxes and development charges). While the logic behind their arguments seem sound to us, the fact that such an overture to the government is necessary remains cause for some concern. As an introduction, the REITs outlined how they have been an important, albeit small, component of the affordable housing ecosystem in Canada. The 120,000 suites they own represent about 3% of the total rental market. That means any policy specifically targeting them is unlikely to make a material difference in the overall affordability equation. That said, it would remove a capital source that of late has been focusing on developing (or purchasing from developers) new apartment product. On the rent front, average rental rate growth for the Canadian apartment REITs has tracked inflation whereas these entities have been actively investing in their properties and over 50% of their apartments meet the definition of affordable housing. All noted that they don't "renovict" tenants and are subject to more public scrutiny given that their financials are available and widely distributed while ESG mandates are defined at the board and management levels. Perhaps most notably their ownership base is primarily domestic investors including retirees who pay taxes on distributions and capital gains on their holdings held outside registered accounts. Regardless, a study by E&Y has come to the conclusion that changing the tax status of REITs would negatively impact housing affordability while possibly reducing government revenues.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**4.8**	**Market Weight**
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 59.71	3.4	0.5		
Telus Corp.	T.TO	19-May-22	$ 30.64	$ 29.17	4.8	0.5		
Consumer Discretionary							**3.5**	**Underweight**
Canadian Tire Corporation Ltd.	CTCa.TO	18-Nov-21	$ 174.10	$ 147.86	4.7	1.9		
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 77.70	0.3	0.6		
Consumer Staples							**4.1**	**Overweight**
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 110.94	1.5	0.3		
Premium Brands Holdings Corp.	PBH.TO	17-Feb-22	$ 122.90	$ 80.17	3.4	0.7		
Energy							**19.1**	**Overweight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 27.13	1.5	2.5		
Keyera Corp.	KEY.TO	17-Nov-22	$ 29.20	$ 29.38	6.6	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 79.73	1.3	1.4		
Whitecap Resources Inc.	WCP.TO	19-May-22	$ 10.27	$ 10.84	4.1	2.4		
Financials							**30.9**	**Market Weight**
Canadian Imperial Bank of Commerce	CM.TO	29-Mar-22	$ 78.14	$ 63.56	5.3	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 18.55	2.2	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 747.66	1.7	0.9		
iA Financial Corporation Inc.	IAG.TO	21-Jul-22	$ 64.09	$ 72.97	3.7	1.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 194.26	2.1	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 132.70	3.9	0.9		
Health Care							**0.4**	**Market Weight**
Industrials							**12.9**	**Underweight**
ATS Automation Tooling Systems Inc.	ATA.TO	18-Nov-21	$ 48.62	$ 42.17	0.0	0.7		
WSP Global Inc.	WSP.TO	19-May-22	$ 142.73	$ 159.85	0.9	1.7		
Information Technology							**5.6**	**Market Weight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 148.67	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 38.79	3.5	0.9		
Materials							**11.7**	**Overweight**
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	$ 75.74	$ 63.96	3.3	0.6		
Kinross Gold Corp.	K.TO	16-Sep-21	$ 7.06	$ 5.48	3.0	0.5		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 43.97	1.1	1.2		
REITs							**2.5**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 42.69	3.4	0.7		
Dream Industrial REIT	DIR_u.TO	17-Nov-22	$ 11.86	$ 11.88	5.9	1.2		
Utilities							**4.5**	**Market Weight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 43.56	5.4	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 15.54	4.5	0.8		

Source: Refinitiv (Priced November 18, 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

(November 21st – November 25th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
21-Nov	08:30	National Activity Index	Oct	0.10		Index
23-Nov	07:00	MBA Mortgage Applications	18 Nov, w/e	2.7%		Percent
23-Nov	08:30	**Durable Goods**	Oct	0.4%	0.4%	Percent
23-Nov	08:30	Durables Ex-Transport	Oct	-0.5%	0.1%	Percent
23-Nov	08:30	**Initial Jobless Clm**	14 Nov, w/e	222k	225k	Person (Thou)
23-Nov	08:30	Jobless Clm 4Wk Avg	14 Nov, w/e	221.00k		Person (Thou)
23-Nov	08:30	Cont Jobless Clm	7 Nov, w/e	1.507M		Person (Mln)
23-Nov	09:45	**S&P Global Mfg PMI Flash**	Nov	50.4	49.9	Index (diffusion)
23-Nov	09:45	**S&P Global Svcs PMI Flash**	Nov	47.8	47.7	Index (diffusion)
23-Nov	09:45	S&P Global Comp Flash PMI	Nov	48.2		Index (diffusion)
23-Nov	10:00	**U Mich Sentiment Final**	Nov	54.7	55.0	Index
23-Nov	10:00	**New Home Sales-Units**	Oct	0.603M	0.570M	Number of (Mln)
23-Nov	10:30	EIA Wkly Crude Stk	18 Nov, w/e	-5.400M		Barrel (Mln)
23-Nov	12:00	EIA-Nat Gas Chg Bcf	14 Nov, w/e	64B		Cubic foot (Bln)

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
22-Nov	08:30	New Housing Price Index	Oct	-0.1%		Percent
22-Nov	08:30	**Retail Sales MM**	Sep	0.7%	-0.5%	Percent
22-Nov	08:30	Retail Sales Ex-Autos MM	Sep	0.7%	-0.6%	Percent
24-Nov	08:30	Average Weekly Earnings YY	Sep	3.20%		Percent

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday November 21st, 2022

None

Tuesday November 22nd, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Alimentation Couche-Tard Inc	ATD	AMC	0.83

Wednesday November 23rd, 2022

None

Thursday November 24th, 2022

None

Friday November 25th, 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 November 21st, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Agilent Technologies Inc	A	AMC	1.39
J M Smucker Co	SJM	BMO	2.19

Tuesday November 22nd, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Analog Devices Inc	ADI	07:00	2.58
Autodesk Inc	ADSK	AMC	1.71
Best Buy Co Inc	BBY	BMO	1.02
Dollar Tree Inc	DLTR	BMO	0.96
HP Inc	HPQ	AMC	0.84
Medtronic PLC	MDT	BMO	1.28

Wednesday November 23rd, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Deere & Co	DE	BMO	7.12

Thursday November 24th, 2022

None

Friday November 25th, 2022

None

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

Disclosures