NATIONAL BANK FINANCIAL

The Week at a Glance

November 4th, 2022

THE WEEK IN NUMBERS

(October 24th – October 28th)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	32,403.22	-458.58	-1.40%	-10.83%	-10.30%	18.1
S&P 500	3,770.55	-130.51	-3.35%	-20.89%	-19.43%	18.8
Nasdaq Composite	10,475.25	-627.20	-5.65%	-33.04%	-34.28%	20.5
S&P/TSX Composite	19,449.81	-21.38	-0.11%	-8.35%	-8.87%	12.2
Dow Jones Euro Stoxx 50	3,688.33	-94.77	-2.51%	-14.19%	-14.88%	12.0
FTSE 100 (UK)	7,334.84	287.17	4.07%	-0.67%	0.75%	9.5
DAX (Germany)	13,459.85	216.52	1.63%	-15.27%	-16.03%	12.8
Nikkei 225 (Japan)	27,199.74	94.54	0.35%	-5.53%	-8.71%	14.7
Hang Seng (Hong Kong)	16,161.14	1,298.08	8.73%	-30.93%	-35.93%	8.2
Shanghai Composite (China)	3,070.80	154.87	5.31%	-15.63%	-12.93%	12.0
MSCI World	2,511.69	-49.35	-1.93%	-22.28%	-22.11%	16.4
MSCI EAFE	1,770.32	21.40	1.22%	-24.22%	-25.38%	13.2

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	248.64	-4.79	-1.89%	-9.16%	-6.43%	19.6
S&P TSX Consumer Staples	793.30	-9.21	-1.15%	3.96%	7.66%	18.5
S&P TSX Energy	270.76	12.58	4.87%	65.31%	65.97%	7.7
S&P TSX Financials	355.46	1.43	0.40%	-11.82%	-10.19%	10.0
S&P TSX Health Care	22.55	0.07	0.31%	-50.94%	-59.48%	N/A
S&P TSX Industrials	379.54	-1.38	-0.36%	-0.36%	-4.82%	25.2
S&P TSX Info Tech.	124.98	-10.37	-7.66%	-41.12%	-45.03%	N/A
S&P TSX Materials	301.30	-3.56	-1.17%	-8.23%	-4.62%	9.3
S&P TSX Real Estate	289.15	-5.77	-1.96%	-27.23%	-26.70%	6.5
S&P TSX Communication Services	181.81	1.30	0.72%	-6.83%	-4.27%	19.3
S&P TSX Utilities	310.46	-4.67	-1.48%	-9.58%	-6.68%	25.0

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2023E
Oil-WTI futures (US$/Barrels)	$92.52	-15.10	-14.03%	23.02%	17.40%	$80.00
Natural gas futures (US$/mcf)	$6.47	0.25	3.99%	73.40%	13.16%	$5.00
Gold Spot (US$/OZ)	$1,674.50	-152.00	-8.32%	-8.37%	-6.61%	$1,700
Copper futures (US$/Pound)	$3.73	-0.03	-0.76%	-16.24%	-13.74%	$3.40

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q2/23e
Cdn$/US$	0.7421	-0.0333	-4.29%	-6.22%	-7.56%	0.77
Euro/US$	0.9961	-0.0593	-5.62%	-12.38%	-13.77%	1.03
Pound/US$	1.1379	-0.0883	-7.20%	-15.89%	-15.70%	1.16
US$/Yen	146.57	11.40	8.43%	27.36%	28.85%	132

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

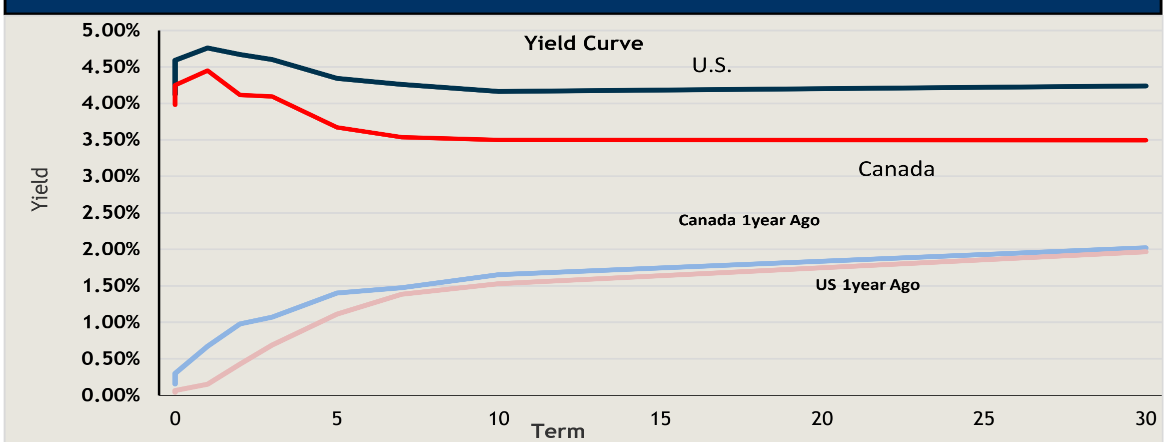
THE WEEK IN NUMBERS
(October 31st – November 4th)

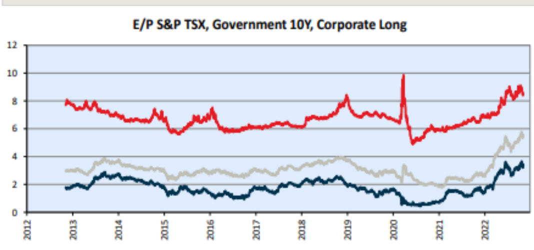
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	3.75%	0.50	CDA 5 year	3.66%	38.9
CDA Prime	5.95%	0.50	CDA 10 year	3.50%	37.0
CDA 3 month T-Bill	3.98%	38.0	CDA 20 year	3.60%	36.8
CDA 6 month T-Bill	4.25%	46.0	CDA 30 year	3.48%	35.9
CDA 1 Year	4.45%	52.0	5YR Sovereign CDS	39.24	
CDA 2 year	4.12%	34.7	10YR Sovereign CDS	40.09	

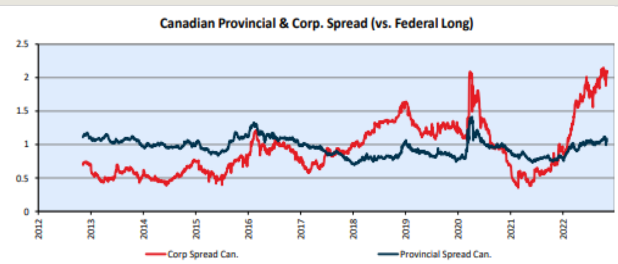
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	3.75-4.00%	0.75	US 5 year	4.34%	50.3
US Prime	6.75%	0.50	US 10 year	4.16%	54.8
US 3 month T-Bill	4.12%	72.9	US 30 year	4.24%	55.5
US 6 month T-Bill	4.59%	59.8	5YR Sovereign CDS	29.99	
US 1 Year	4.76%	78.8	10YR Sovereign CDS	37.96	
US 2 year	4.67%	57.2			

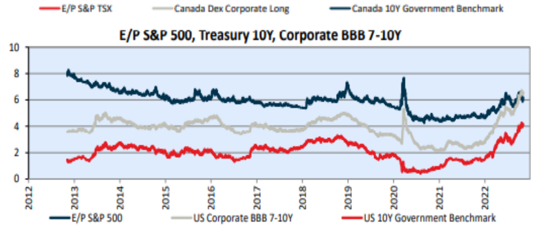
CANADIAN BOND - TOTAL RETURN	Change Week		Change Y-T-D
FTSE Universe Bond Index	-1.06%		-13.35%
FTSE Short Term Bond Index	-0.58%		-5.07%
FTSE Mid Term Bond Index	-1.51%		-11.76%
FTSE Long Term Bond Index	-1.39%		-24.20%

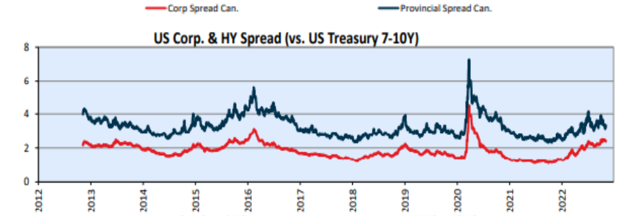
CURRENT YIELD CURVE











Source: Refinitiv & NBF

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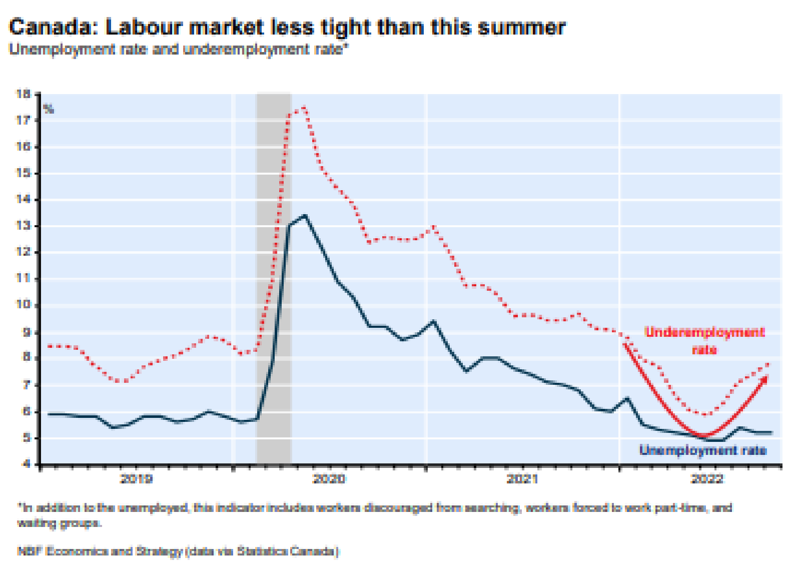
WEEKLY ECONOMIC WATCH

CANADA - Employment registered a 108K increase in October, marking a second consecutive monthly gain following a weakness between May and August. This gain is above consensus expectations calling for a 10K increase. October's job gains combined to a two-tick increase in the participation rate left the unemployment rate unchanged at 5.2%. The increase in employment stemmed from full time jobs (+119K) while part-time employment pulled back (-11K). The public sector posted a second consecutive increase (+18K), while the headcounts for private corporations increased (+74K) the most since February 2022. Self-employed people (17K), meanwhile, registered a first increase in three months. October's gain came from both the services (+63K) and goods sectors (+45K). On the services-producing sectors side, accommodation and food services (+18K), professional/scientific services (+18K) and other services (+18K) lead the increase. Meanwhile, the increase in employment in the goods-producing sector was propelled by increases in construction (+25K), manufacturing (+24K) and agriculture (+4K). for its part, the forestry sector registered a decline (-7K) while employment in the utilities sector (-0.1K) stalled. Regionally, Ontario registered a sizable increase (+43K), followed by Québec (+28K), British Columbia (+10K) and Alberta (+7K). Hours worked were up 0.7% in October after September's decline. The increase in wages was slightly up on a year-over-year basis, reaching 5.5% in October (5.2% in September).

In a context where the Bank of Canada is trying to cool down the economy to bring down inflation, the October data raises eyebrows. After disappointing economists considerably in the last six months, the October report exceeds expectations by 100K jobs. The details of the report are also strong. Full-time employment hit a new high, while the jump in private employment partially offsets losses since May (employment remains 14K below April's peak). Wages accelerated in October after a lull in September, and the sharp increase in hours worked does not suggest the onset of a recession in the final quarter of 2022. There is no doubt that this morning's report will reinforce the central bank's view of the need to raise rates further, but we continue to believe that a pause will soon be needed to assess the delayed impact of its actions. The September unemployment rate remained very low at 5.2%, up 3 ticks from the record low of 4.9% reached during the summer. But there was a more pronounced easing in another crucial indicator of labor market pressures: the underemployment rate, which counts not only the unemployed but also those who have given up looking for work, those who are forced into involuntary part-time work and waiting groups. This rate rose for a fourth consecutive month, for a substantial 2.1 percentage point increase to 7.9 percent, returning to its 2019 rate.



Further easing is expected as weakening domestic demand in the coming months is expected to lead companies to scale back hiring plans and end the bidding for employees that has generated high wage inflation. The latest CFIB survey indicates that small businesses still perceive significant labor shortages, but they are no longer willing to give wage increases as high as they did at the beginning of the year. As for hiring intentions, the number of firms planning to expand their workforces is similar to those planning to reduce them, suggesting a hiring freeze at the aggregate level.

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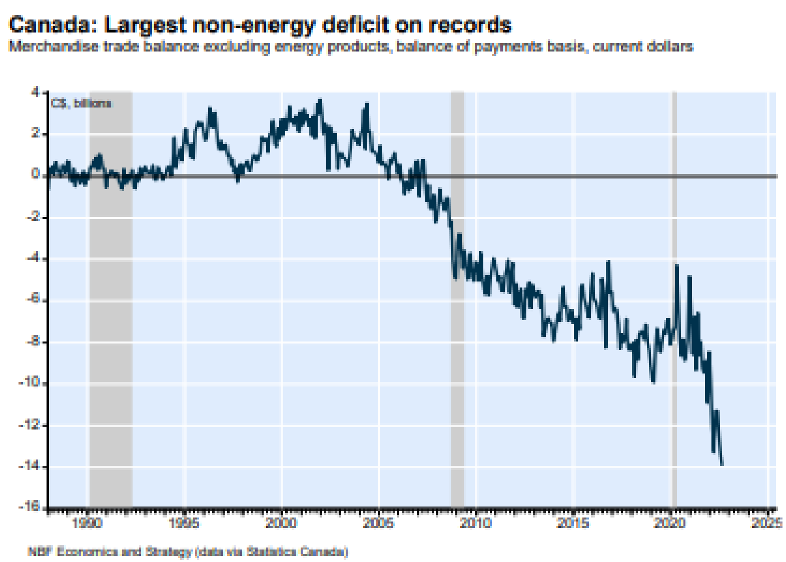
Even if mass layoffs are avoided, this hiring freeze in the face of strong population growth is likely to increase the unemployment rate in the coming months. In October, the population 15 years and older increased by 52K, the third largest increase on record.

The **merchandise trade surplus** widened from C$0.55 billion (initially estimated at C$1.52 billion) in August to C$1.14 billion in September. Analysts expected a +C$1.20 billion print. Nominal exports sprang 1.3%, while nominal imports advanced 0.4%. On the exports side, 6 of the 11 industries saw increases in the month, notably farm/fishing/food products (+16.7%, the biggest monthly gain since 2006M07), industrial machinery/ equipment (+5.2%), and electronic/electrical equipment (+4.1%). These were only partially offset by declines for metal ores/non-metallic minerals (-11.4%), chemical/plastic/rubber products (-5.3%), and forestry products/building materials (-4.9%). The rise in imports, meanwhile, reflected gains for industrial machinery/ equipment (+4.1%) and consumer goods (+3.7%), which compensated for sharp drops in the categories of energy products (-16.7%) and aircraft/transportation equipment (-9.6%). Canada's energy surplus with the world widened from C$14.0 billion to C$15.1 billion, while the non-energy deficit grew from C$13.4 billion to a new all-time high of C$13.9 billion.



The trade surplus with the United States shrank from C$10.2 billion to C$9.8 billion. In real terms, exports expanded 1.7%, while imports fell 0.8%.

Canada's trade balance remained in positive territory for the 15th time in 16 months. The rise in exports was partly attributable to a surge in the farm/fishing/food products category, with sizeable gains for both wheat (+65.2% to a new all-time high of C$1.1 billion) and canola (+99.9%). The conflict in Ukraine has certainly stimulated demand for these crops, but the massive increase in exports would not have been possible without the particularly good harvest experienced last summer.

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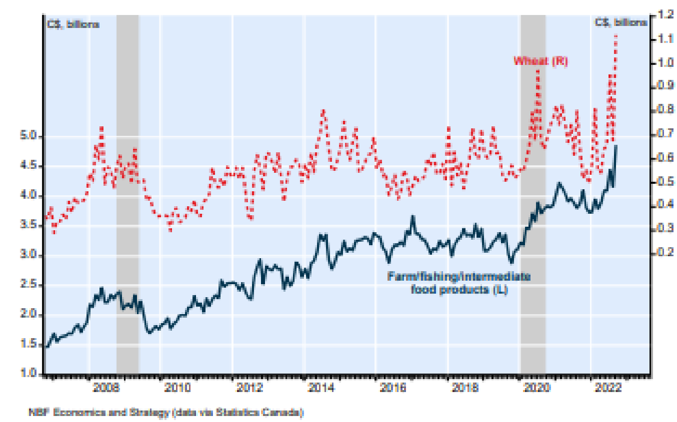
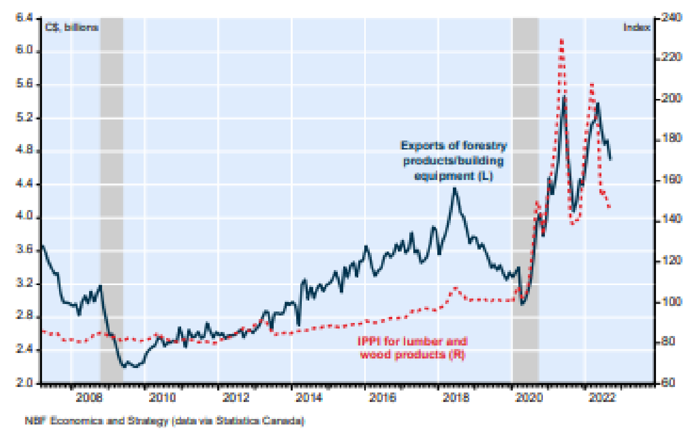
Canada: Conflict in Ukraine helps lift wheat exports to new all-time high
Exports of farm/fishing/intermediate food products and wheat, balance of payments basis, current dollars



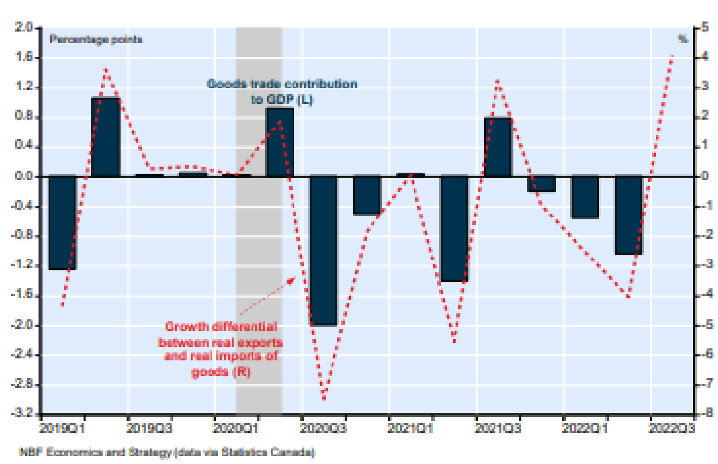
Shipments of metal ores/non-metallic minerals, on the other hand, suffered from a 16.4% drop for potash. Despite this monthly decline, exports of this compound used in fertilizers were still twice as high as in September 2021 thanks to a 61.7% increase from April to August. We also noted a decline in exports in the forestry/building equipment category, where lower demand from the construction industry has resulted in sharply lower prices for lumber.

Canada: Exports of forestry products decrease as lumber prices slump
Exports of forestry products/building equipment and industrial product price index for lumber and wood products



The gain in imports, instead, was largely due to the delivery of updated COVID-19 vaccines. This caused a 22.7% jump in the pharmaceutical products category, which drove inbound shipments of consumer goods higher. This was partly compensated for by a steep decline in energy imports coinciding with maintenance work at some Canadian refineries. On a quarterly basis, trade in goods likely contributed to GDP growth in Q3, as real exports expanded (+3.3%) and real imports shrank (-0.8%). The decline in import volumes in the machinery equipment category (-3.4%), meanwhile, suggests investment spending may have slowed in the third quarter.

Canada: Goods trade probably contributed to growth in Q3
Real exports/imports of goods vs. goods trade contribution to GDP



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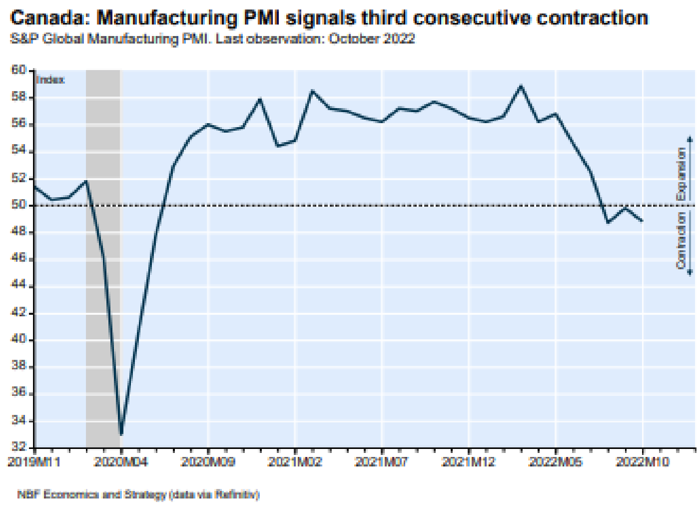
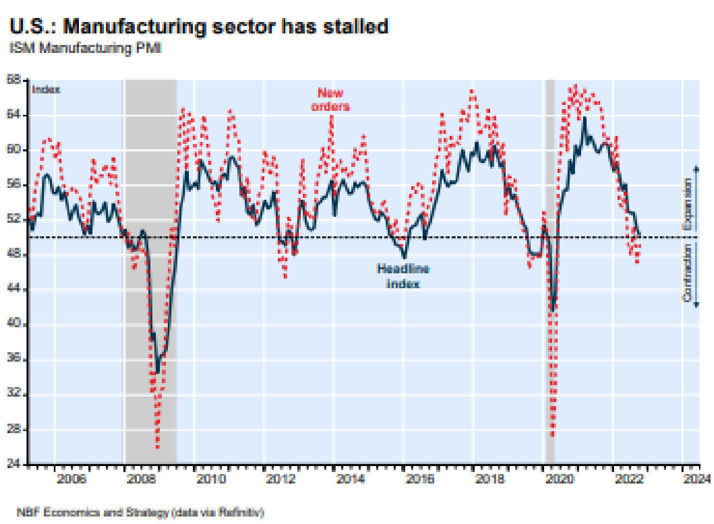
After reaching its highest level on records going back to 2011 the prior month (306.8K), the number of **residential building permits** issued plunged 16.0% in September to 257.8K (seasonally adjusted and annualized). The monthly drop reflected declines for both single-family units (-7.5%) and multifamily dwellings (-18.7%). In Q3 as a whole, residential building applications cooled 7.4%, led by a 7.8% retreat in the multi-family segment.

The **S&P Global Manufacturing PMI** slid from 49.8 in September to 48.8 in October, signaling a third successive reduction in factory activity and the second sharpest since the start of the pandemic. Output declined at a faster pace, with panelists blaming the downturn on weak demand, labour shortages, and supply troubles. New orders, meanwhile, retreated at one of the quickest paces in the survey's history as international bookings fell for the fifth month running. Weaker demand conditions translated into a further drop in work backlogs and a modest fall in headcounts. Supply chain constraints continued to ease, with supplier delivery times lengthening the least since February 2020. Input price inflation, meanwhile, was the weakest in 23 months and only marginally above the long-run trend for this indicator. Despite this, firms hiked their selling charges at a quicker pace in an effort to protect profits "amid unfavourable exchange rate movements against the U.S. dollar". Reflecting on their longer-term outlook, firms expressed "growing concerns over a recession and the implications of higher interest rates". As a result, sentiment regarding future output fell to a 29-month low.



UNITED STATES - The **ISM Manufacturing PMI** slipped from 50.9 in September to 50.2 in October, marking the weakest expansion in the sector since the early months of the pandemic. The output index rose from 50.6 to 52.3 and the new orders index went from 47.1 to 49.2but remained in contraction territory (<50) for the fourth time in five months. The employment gauge climbed from 48.7 to 50.0, indicating that payrolls stagnated after declining the prior month.



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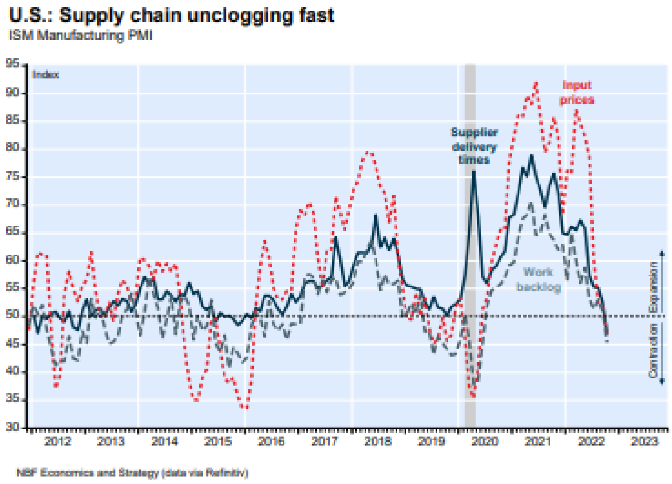
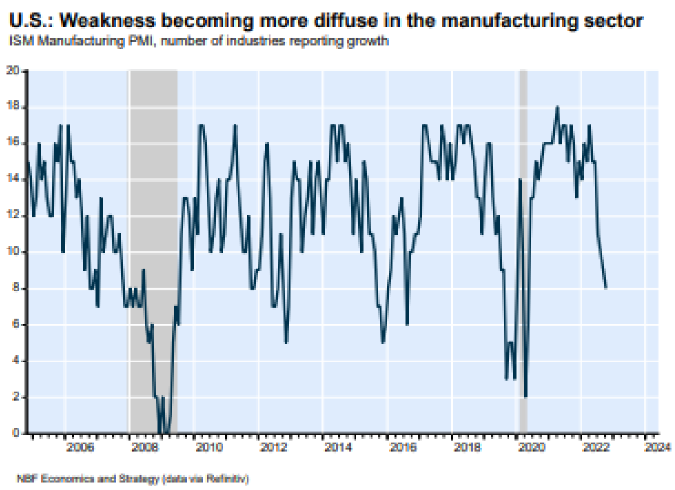
Signs of improvement regarding the supply chain were also clearly visible in the report. The input price tracker fell for the seventh consecutive month (from 51.7 to 46.6), slipping below the 50-mark for the first time in two-and-a-half years. Supplier delivery times (from 52.4 to 46.8), meanwhile, shrank the most since March 2009. This, combined with declining orders, allowed firms to catch up on unfilled orders, as evidenced by a drop in the work backlog index from 50.9 to a 28-month low of 45.3.



Of the 18 manufacturing industries surveyed, only 8 reported growth in October, the weakest diffusion since May 2020.



The **ISM Non-Manufacturing PMI** slid from 56.7 in September to a post-pandemic low of 54.4 in October. The new orders tracker (from 60.6 to 56.5) and the business activity sub-index (from 59.1 to 55.7) signaled a deceleration in growth while the employment gauge (from 53.0 to 49.1) fell back into contraction territory. Input price inflation (from 68.7 to 70.7) accelerated, perhaps reflecting higher energy prices. Of the 18 industries covered, 16 reported growth in October.

Nonfarm payrolls rose 261K in October, significantly more than the +193K print expected by consensus. Adding to the good news, the previous months' data were revised upward a cumulative 29K. Employment in the goods sector sprang 33K, reflecting a sizeable increase in the manufacturing sector (+32K). Headcounts in construction (+1K) and mining/logging (+0K), meanwhile, stayed virtually unchanged. Jobs in the services-producing industries expanded 200K, with notable increases for health/social assistance (+71K), professional/business services (+39K), leisure/hospitality (+35K) and wholesale trade (+15K). Employment in the public sector jumped 28K with gains at the federal (+6K) and state/local (+22K) levels. Average hourly earnings rose a consensus-matching 4.7% y/y in October, three ticks less than in September. Month on month, earnings progressed 0.4%, accelerating from the 0.3% pace recorded the prior month.

Released at the same time, the Household survey (similar in methodology to Canada's LFS) painted a much less upbeat picture of the situation prevailing in the labour market, with a reported 328K decline in employment. This drop, combined with a one-tick decrease in the participation rate (to 62.2%), translated into an increase in the unemployment rate, from a post-pandemic low 3.5% to 3.7%. Full-time employment sank 433K, while the ranks of part timers swelled 164K.

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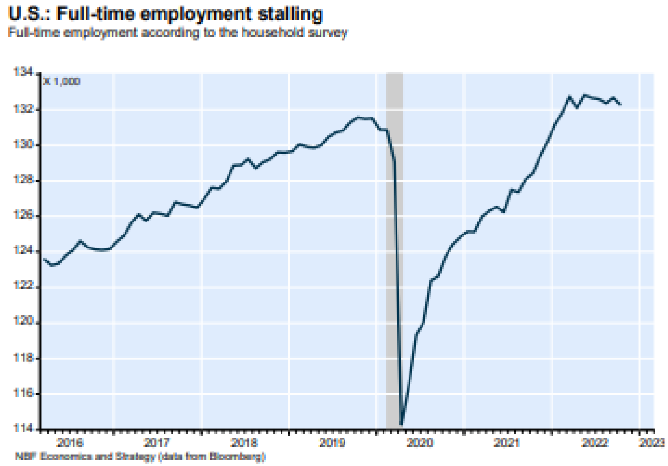

The two employment reports published this morning conveyed starkly different messages. While the establishment survey signaled a continuation of strong employment gains, the household poll reported the second largest decrease in headcounts since the start of the pandemic. Such discrepancies between the two reports are not particularly uncommon. These are, after all, rather imprecise indicators whose methodology differs greatly. The problem is that, even over a longer period, the two surveys appear completely out of tune. In fact, the household survey points to much weaker year-to-date employment gains (+2.6 million) than the establishment poll (+4.1 million).

The details of the reports were hardly more enlightening. Virtually every important series published in the establishment survey moved in the right direction: private employment (+233K), temporary help services (+12K) and aggregate hours (+0.2%) to name just a few. Job creation in cyclical sectors such as manufacturing (+32K) and construction (+1K) slowed a bit compared with the prior month but showed a lot of residual strength. Average weekly hours (34.5), meanwhile, remained unchanged for the fifth consecutive month at a level a touch above the pre-pandemic average for this indicator. The only major disappointment was a sizeable drop in the diffusion index (from 64.3 to 61.7%), which suggests job creation is growing less diffuse. The less volatile 6-month diffusion index also weakened, from 78.9% to a 12-month low of 78.5%. Average hourly earnings accelerated, which is concerning in an environment where inflation is well above the central bank's target, but one month does not make a trend. Hourly wages continued to lose momentum on a 3-month annualized basis (from 4.4% to 3.9%) as well as year on year (from 5.0% to 4.7%). The household survey could just as well have been carried out on another planet, with the majority of its sub-indicators signaling a slowdown in the job market. The U-3 and U-6 unemployment rates rose (admittedly from very low levels), the number of long-term unemployed moved up (from 1,067K to 1,165K) and the participation rate fell to a 3-month low, driven by prime-age workers (from 82.7% to 82.5%). But the most concerning development was surely the 433K drop in full-time employment, the fifth decline in the past seven months.

The **Job Openings and Labor Turnover Survey (JOLTS)** showed that positions waiting to be filled jumped from 10,280K in August (initially estimated at 10,053K) to 10,717K in September. As a result of this increase, the ratio of job offers to unemployed person increased from 1.71 to 1.86, a level far above anything observed before the pandemic. The monthly gain was led by the following categories: accommodation (+215K), health care/social assistance (+115K), transportation (+11K), and professional/business services (+104K). Alternatively, job postings declined in these categories: wholesale trade (-104K), finance/insurance (-83K), financial activities (-56K), and manufacturing (-40K). Total separations, meanwhile, went from 6,058K to 5,688K as less people got fired (from 1,490K to 1,328K) or decided to quit voluntarily (from 4,184K to 4,061K). The quit rate—the number of voluntary separations as a percentage of total employment—remained stable at 2.7%, a level which continues to suggest both confidence among workers looking to change jobs and stiff competition for talent among employers.

The **trade deficit** widened for the first time in seven months in September, moving from $65.7 billion to $73.3 billion. The increase was due in part to a 2.0% decline in goods exports (to $180.2 billion), led by soybeans (-$1.7 billion), crude oil (-$1.0 billion), and nonmonetary gold (-$0.8 billion). Goods imports, for their part, sprang 1.1% (to $272.9 billion) as increases for cell phones (+$1.4 billion), pharmaceutical preparations (+$1.4 billion), and semiconductors (+1.1 billion) were only partially offset by retreats for fuel oil (-$0.8 billion), crude oil (-$0.5 billion), and other petroleum products (-$0.5 billion). With exports down and imports up, the goods trade deficit went from -$86.2 billion to -$92.7 billion.

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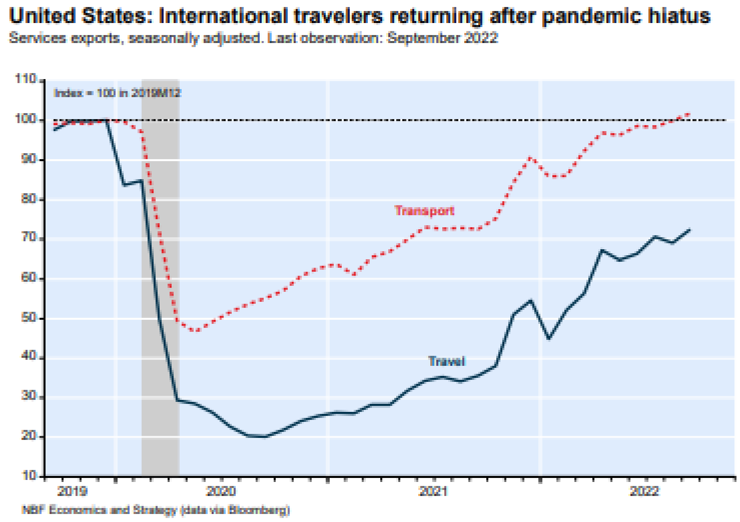
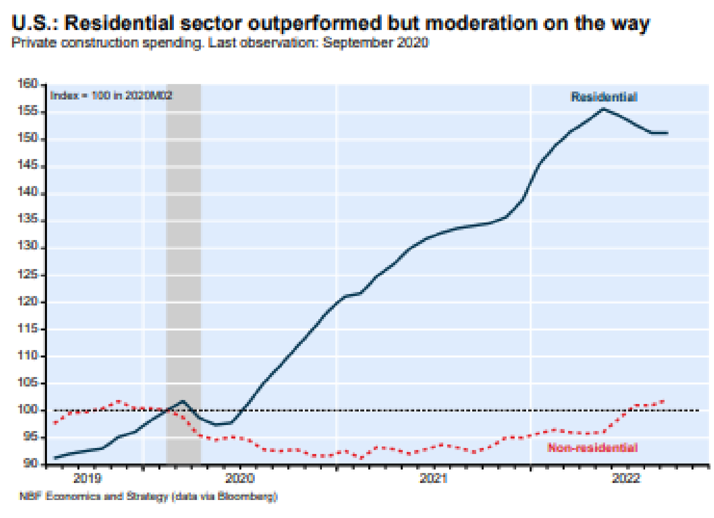
On a country-by-country basis, the U.S. goods deficit narrowed with Canada (from $6.6 billion to a nine-month low of $5.3 billion) and China (from $33.6 billion to $32.1 billion) but widened with the EU (from $13.5 billion to $16.0 billion), Mexico (from $9.8 billion to a 20-month high of $11.9 billion), and Japan (from $3.6 billion to $5.2 billion).

The services surplus, meanwhile, narrowed from $20.5 billion to $19.5 billion, as exports rose at a slower pace than imports did (+1.2% vs. +3.4%). Travel and transport exports continued to recover as international travellers returned to the United States after a long pandemic hiatus.



Construction spending crept up 0.2% in September, erasing some of the losses suffered in August (-0.6%). A 0.4% decline in the public sector was more than offset by a 0.4% gain for private outlays, the latter reflecting a 1.0% jump in the non-residential segment. Private construction spending in the residential segment, meanwhile, was more or less unchanged. After outperforming during the pandemic, residential construction now seems to be running out of steam, which is not surprising given the significant rise in mortgage rates and the marked slowdown in the home resale market. We expect this trend to continue in the coming months.



Initial jobless claims stayed virtually unchanged in the week to October 29, moving from 218K to 217K. Continued claims, for their part, rose from 1,438K to 1,485K, their highest level since late March. Although these two figures remained very low on a historical basis, the latter has clearly been trending upward 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 have more difficulty finding a new job and, therefore, must continue to claim unemployment benefits. A slowdown in hiring is usually the first signal of a trend change on the labour market.

After declining steeply in both Q1 (-5.9%) and Q2 (-4.1%), **nonfarm business productivity** rose 0.3% in Q3 as employee hours grew at a slightly slower pace that output (+2.8% annualized vs. +2.4%). The increase was significantly weaker than the median economist forecast (+0.5%) and left productivity down 1.4% y/y, the second-steepest decline since 1982.

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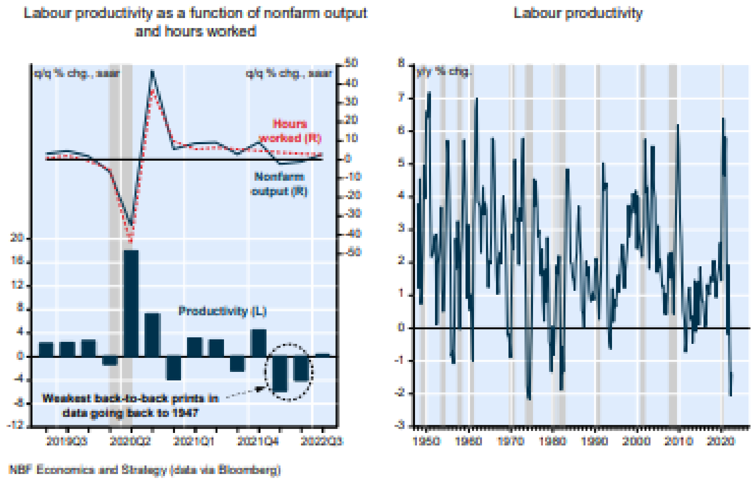
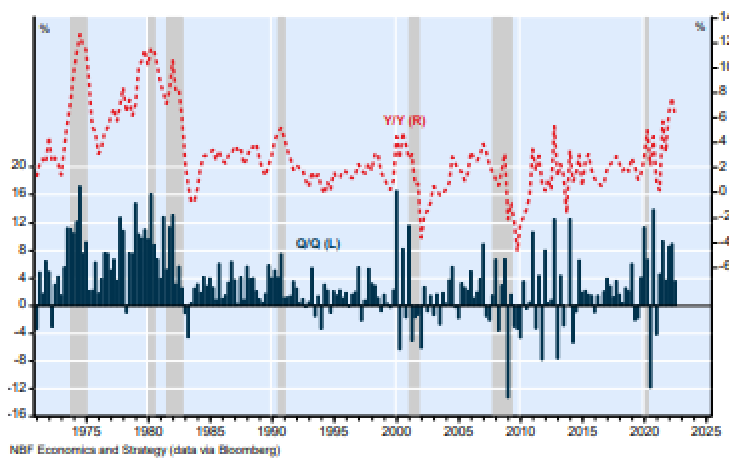
U.S.: Productivity rebound smaller than expected in Q3



Compensation costs, meanwhile, fell at an annualized rate of 1.7% in Q3. As a result, unit labour costs sprang 3.5%, much less than in Q2 (+10.8%). On a 12-months basis, labour costs were still up 6.1%.

U.S.: Increase in unit labour costs eased… remained elevated

Unit labour costs



Such increases in labour costs are not sustainable in the long term for businesses whose bottom lines are already getting hit by a deferring of demand. In the absence of a rebound in production, many businesses will be forced to rein in costs. Just a few months ago, investing in automation seemed like a good idea to minimize the impact of mounting labour costs, but rising interest rates now make this option less attractive. The only other alternative is to somehow manage to do more with less. From a hiring perspective, this means either a hiring freeze or outright layoffs.

As expected, the **Federal Reserve** raised the target range for federal funds rate 75 basis points to 3.75-4.00% and stated that it would continue to reduce its holdings of Treasuries and mortgage-backed securities. This was the fourth successive 75-bp hike and the sixth move in total, bringing cumulative policy rate tightening since the beginning of the year to 375 bps. The wording of the statement did not change much from the last meeting. Growth was still described as “modest” and job gains as “robust”. Inflation, meanwhile, was characterized as “elevated”, which prompted the FOMC to reiterate its commitment to bring it back towards the 2% objective. Still, two additions caught our eye:

- The committee still anticipated that additional rate increases would be appropriate but added that these would be implemented “in order to attain a stance of monetary policy that [would be] sufficiently restrictive to return inflation to 2% over time”.
- The statement added that “[i]n determining the pace of future increases in the target range, the Committee [would] take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments”.

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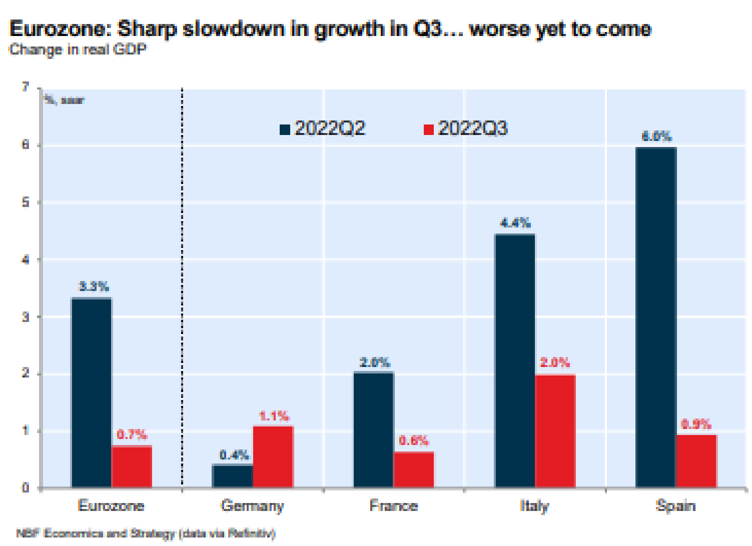
While these additions sounded "dovish" to us (and to markets as well, at least initially), Fed Chair Jerome Powell's tone in the presser was resolutely "hawkish". On the one hand, he acknowledged the lags with which policy operates and the associated uncertainly surrounding the effects of rate hikes implemented up to now. But on the other, he made clear there was still "some ground to cover" to reach the terminal rate and said that "it [was] very premature to be thinking about pausing". Powell even went as far as to say that recent data were consistent with policy settings higher than those laid out in the September dot plot. He recognized that the pace of tightening could shift down at upcoming meetings but reminded his audience that the final destination for rates might well be higher than initially expected and that the time spent there could be longer. In this context, he admitted that the path to a soft landing had narrowed, but he still believed it could be achieved.

Answering questions from journalists about the deteriorating global outlook (caused in part by the appreciation of the USD) and its potential impacts on the U.S. economy, Powell said that the world would be "much better off" if price stability could be restored in the United States and that, consequently, the Fed would remain focused on this objective. He also continued to subscribe to the notion that the risks of overtightening were less severe than the risks of undertightening: "If we were to overtighten, we could then use our tools, strongly, to support the economy, whereas if we don't get inflation under control because we don't tighten enough, now we're in a situation where inflation will become entrenched and the cost, the employment cost in particular, will be much higher potentially."

The Fed put on a play in two acts this week. First, the rate statement seemingly struck a more pragmatic tone, with added language that appeared marginally dovish. Then, at the press conference, Powell pushed back strongly against a near-term policy pivot. So how do we parse it all? First, it is abundantly clear that the Fed is not yet done. However, as we've seen from other central banks, decisions going forward may naturally become more finely balanced and they needn't act with the same sense of urgency. This means that a 50-bp rate hike in December is still possible (our base case) but it doesn't necessarily mean that the Fed intends to tap out early or stop at a lower level than previously anticipated. Consequently, while we may see a downshift next month, it appears that the Fed will be inclined to hike for longer and to a higher level in early-mid 2023. While there are six weeks of data before the next meeting that could quickly change things, at this point we expect a higher terminal rate to be reflected in December's dot plot.

WORLD - GDP growth in the Eurozone decelerated sharply in the third quarter from 3.3% to 0.7% (seasonally adjusted and annualized) as the economy began to feel the impact of soaring energy prices, rising interest rates, and continued supply chain problems. The slowdown was particularly acute in Spain (from 6.0% to 0.9%) and France (from 2.0% to 0.6%), where a post-lockdown boom in the tourism and leisure industries began to fade. A deceleration was also observed in Italy (from 4.4% to 2.0%), although growth remained a little more robust there. Of the four major economies, Germany (from 0.4% to 1.1%) was the only one to see growth accelerate, albeit from a very low base. With the pass-through of the energy crisis to households likely to increase in coming month, we expect the Eurozone to enter recession in the fourth quarter of the year. The depth of the downturn will depend on many factors, including the evolution of the conflict in Ukraine, the continuation/cessation of gas deliveries from Russia to Western Europe, and the extent of the European Central Bank's monetary tightening.



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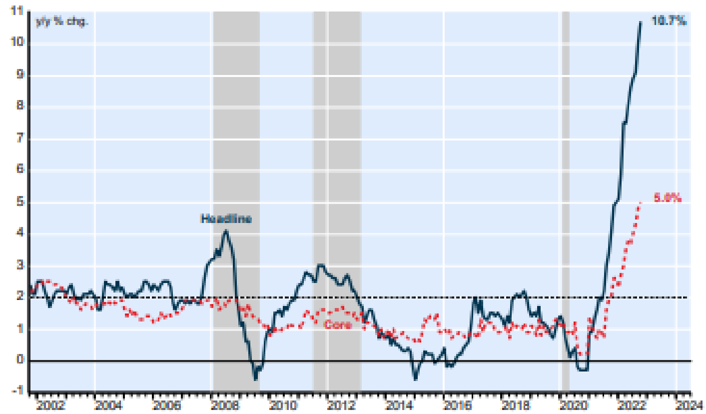
Still in the Eurozone, the flash estimate for the **Consumer Price Index** showed prices rose a consensus-topping 10.7% y/y in October, up from 10.0% y/y the prior month and its highest mark.since the inception of the series in the late 1990s. Energy prices spiked 41.9% from their level a year earlier, while the cost of food, alcohol and tobacco climbed an unprecedented 13.1%. The core CPI, which excludes these four items, moved up from 4.8% to a new all-time high of 5.0%.

Eurozone: Inflation hits new all-time high
Harmonized index of consumer prices



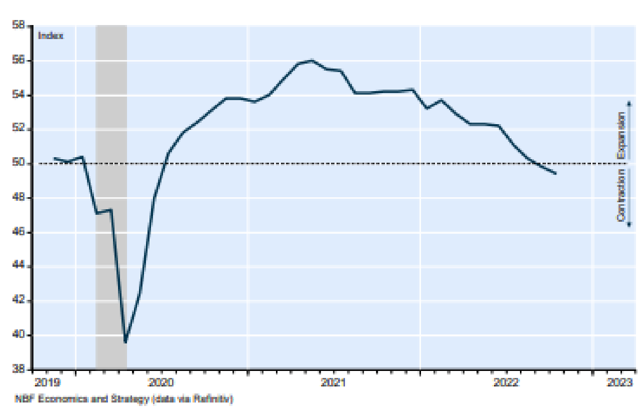
NBF Economics and Strategy (data via Bloomberg)

Operating conditions at Chinese factories deteriorated for the third straight month in October as COVID containment measures continued to take a toll on activity. The decline was only marginal as indicated by a 1.1-point rise in the **Caixin/Markit Manufacturing PMI** to 49.2. Production and new orders continued to decline but at a slower pace than in September. As demand dipped, work backlogs fell for the fourth time in five months, forcing goods-producing industries to slash payrolls for the seventh month running. Supplier delivery times, for their part, increased slightly, with vendor performance continuing to be affected by disruptions associated with COVID-19 lockdowns. Cost pressures continued to ease; output charges were once again reduced “in a bid to stimulate sales and improve competitiveness”.

The **Caixin/Markit Services PMI** weakened from 49.3 in September to a five-month low of 48.4 in October “as ongoing efforts to stop the spread of COVID-19 disrupted business operations and weighed on demand”. New business eased for a second month in a row but this did not prevent payrolls from expanding at the fastest pace since May 2021, ending a streak of job losses stretching back to the start of the year.

The **JPMorgan/S&P Global World Manufacturing PMI** fell from 47.7 in September to a 28-month low of 46.9 in October as the contraction in output and new orders accelerated. Employment improved for the 24th consecutive month but the rate of job creations “was among the weakest during the current two-year sequence of expansion”. Average supplier delivery times continued to increase, albeit by the smallest increment since the first wave of the pandemic, a sign that delays were getting better. October also saw the rates of inflation of input and output charges ease to a multi-month low. Business optimism, meanwhile, dropped to a two-and-a-half-year low. Of the 32 nations covered by the survey, only seven saw operating conditions improve in October, led by India, Australia, Indonesia and Thailand. Alternatively, conditions deteriorated sharply in Taiwan, Spain, Germany, the United Kingdom, and Turkey.

World: Global factory activity contracts for second month running
JP Morgan/Markit Global Manufacturing PMI. Last observation: October 2022



NBF Economics and Strategy (data via Refinitiv)

IN THE NEWS

U.S. and Canadian News

Monday October 31st, 2022

- **Canadians have never felt worse about their finances, poll shows**
  In weekly polling by Nanos Research for Bloomberg News, 47 per cent of respondents said their finances have worsened over the past year. That's the highest-ever reading for this question in surveys going back to 2008, surpassing the depths of the pandemic and the global financial crisis. Only 13 per cent said their finances have improved.
- **Blackstone to take control of Emerson's climate tech in $14 billion deal**
  Emerson Electric Co will sell a majority stake in its climate technologies unit to Blackstone Inc in a deal that values the business at $14 billion, as the U.S. industrial firm pivots to supplying to a booming automation market.

Tuesday November 1st, 2022

- **U.S. job openings jump in September; raw material prices fall in October**
  Job openings increased 437,000 to 10.7 million on the last day of September, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report. Data for August was revised higher to show 10.3 million job openings instead of 10.1 million as previously reported. Economists had forecast 10.0 million vacancies. In a separate report on Tuesday, the ISM said its measure of prices paid by manufacturers dropped to 46.6, the lowest reading since May 2020, from 51.7 in September. The ISM's overall manufacturing PMI fell to 50.2 in October from 50.9 in September. Economists had forecast the index falling to 50.0.
- **Canadian factory sector's slowdown deepens in October**
  The S&P Global Canada Manufacturing Purchasing Managers' Index (PMI) fell to a seasonally adjusted 48.8 in October from 49.8 in September.
- **Calgary home sales fall 15% in Oct., but on track for record year**
  The Calgary Real Estate Board says October sales totalled 1,857, while year-to-date sales reached 26,823, a 13 per cent increase from this time last year. The benchmark price for the month was $523,900, up almost 10 per cent from a year earlier.

Wednesday November 2nd, 2022

- **Services sector boosts U.S. private payrolls in October**
  Private employment increased by 239,000 jobs last month. Data for September was revised down to show 192,000 jobs created instead of 208,000 as previously reported. Economists had forecast an increase of 195,000 private jobs.
- **Fed delivers big rate hike, signals possible smaller increases ahead**
  The Federal Reserve raised interest rates by three-quarters of a percentage point as it continued to battle the worst outbreak of inflation in 40 years, but signaled future increases in borrowing costs could be made in smaller steps to account for the "cumulative tightening of monetary policy" it has enacted so far.
- **Vancouver home sales down 46% from last year, 13% from September**
  The Real Estate Board of Greater Vancouver says home sales continued to plunge in October, falling 45.5 per cent from the year before and 12.8 per cent from September. The composite benchmark price for Metro Vancouver sat at $1,148,900, up 2.1 per cent from October 2021, but down 0.6 per cent from September.

Thursday November 3rd, 2022

- **U.S. factory orders rise moderately in September**
  The Commerce Department said that factory orders rose 0.3% after gaining 0.2% in August. September's increase was in line with economists' expectations.
- **U.S. service sector slows in October**
  The Institute for Supply Management (ISM) said its non-manufacturing PMI fell to 54.4 last month, the lowest reading since May 2020, from 56.7 in September. Economists had forecast the non-manufacturing PMI slipping to 55.5.
- **U.S. weekly jobless claims fall; layoffs pick up in October**
  Initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 217,000 for the week ended Oct. 29. Data for the prior week was revised to show 1,000 more applications filed than previously reported. Economists had forecast 220,000 claims.
- **Canada's exports rise in September as wheat volumes rebound**
  The country's trade surplus with the world widened to $1.14 billion in September, below analyst forecasts of a surplus of $1.34 billion, but up from a downwardly revised $550 million surplus in August.

Friday November 4th, 2022

- **U.S. job growth beats expectations in October, but cracks emerging**
  U.S. job growth increased more than expected in October, but the unemployment rate rose to 3.7%, suggesting some loosening in labor market conditions. The survey showed nonfarm payrolls increased 261,000 last month. Data for September was revised higher to show 315,000 jobs added instead of 263,000 as previously reported. The increase in the unemployment rate from 3.5% September reflected a 328,000 decline in household employment.
- **Canada's job blowout sends bets swinging to oversized rate hike**
  The economy added a net 108,300 jobs last month, easily beating forecasts for 10,000 new jobs, while the jobless rate was unchanged at 5.2%.
- **Yamana: Pan American, Agnico Eagle make US$4.8B takeover offer**
  If the takeover is approved, Agnico would acquire Yamana's Canadian assets.

Click on title to view the full story.

IN THE NEWS

International News

Monday October 31st, 2022

- **China's factory, services activity skids on relentless COVID curbs**
  The official manufacturing purchasing managers' index (PMI) fell to 49.2 from 50.1 in September. The result unexpectedly broke below the 50-point mark that separates growth from contraction with economists forecasting the PMI to have come in at exactly 50.0. Separately, the non-manufacturing PMI, which looks at service sector activity, fell to 48.7 from 50.6 in September.
- **Hong Kong economy shrinks 4.5% yr/yr in Q3, outlook remains weak**
  Hong Kong's economy shrank faster in the third quarter, contracting 4.5% from the same period a year earlier, the third straight quarter of downturn. The outcome was far worse than the growth of 0.6% to 0.9% projected by HSBC, Morgan Stanley and Natixis, and even the 0.3% contraction forecast by Barclays. The city's economy shrank by 4.0% and 1.3% in the first and second quarters respectively.
- **Japan's factory output falls for first time in four months as firms battle rising costs**
  Factory output fell a seasonally adjusted 1.6% in September from a month earlier, deeper than economists' median forecast of a 1.0% decline. That marked the first month-on-month fall in four months and followed a 2.7% rise in August.
- **Euro zone October inflation surges amid growth slowdown**
  Inflation in the 19 countries sharing the euro accelerated to 10.7% in October from 9.9% a month earlier, beating expectations in a Reuters poll for 10.2% and way higher than the ECB's 2% inflation target.

Tuesday November 1st, 2022

- **UK manufacturing shrinks at fastest rate since mid-2020**
  The final S&P Global UK Manufacturing Purchasing Managers' Index (PMI) for October fell to 46.2 from 48.4 in September. While the October figure was revised up from an initial "flash" reading of 45.8, it still marked a 29-month low.
- **China's Oct factory activity shrinks as COVID curbs hit output, demand - Caixin PMI**
  The Caixin/S&P Global manufacturing purchasing managers' index (PMI) stood at 49.2 in October, up from 48.1 in September and slightly above analysts' expectations for 49.0.
- **China, HK stocks rebound sharply on unverified social media posts over COVID easing**
  An unverified note trending in social media, and tweeted by influential economist Hao Hong, said a "Reopening Committee" has been formed by Politburo Standing Member Wang Huning, and is reviewing overseas COVID data to assess various reopening scenarios, aiming to relax COVID rules in March, 2023.

Wednesday November 2nd, 2022

- **Moody's cuts outlook for European banks, including Germany's, on credit woes**
  Global credit ratings agency Moody's downgraded its outlook for banks in Germany, Italy and four other countries to "negative" from "stable" on Wednesday as Europe's energy crisis and high inflation weaken its economies.
- **German manufacturing slumps in October as new orders drop - PMI**
  S&P Global's final Purchasing Managers' Index (PMI) for manufacturing, which accounts for about a fifth of Germany's economy, fell to 45.1, its lowest since May 2020 and down from 47.8 in September.
- **S.Korea inflation ticks up in Oct, seen staying elevated for while**
  The consumer price index (CPI) rose 5.7% in October from a year earlier. The rate had slowed in September to 5.6% from 5.7% in August, compared with a near 24-year high of 6.3% in July. The median forecast of economists was for the annual CPI growth to be 5.6% in October.

Thursday November 3rd, 2022

- **Bank of England raises rates by most since 1989 even as long recession looms**
  The BoE increased Bank Rate to 3% from 2.25% even as it said Britain's economy might not grow for another two years, a slump longer than during the 2008-09 financial crisis.
- **UK services slump at fastest pace since early 2021**
  The final version of the S&P Global UK Services Purchasing Managers' Index (PMI) fell to 48.8 in October, slipping below the 50.0 threshold for growth where the index sat in September.
- **Russian retail sales fall deeper, jobless rate rises in Sept**
  According to Rosstat, Russian retail sales plunged 9.8% in September in year-on-year terms after an 8.8% fall in the previous month and the jobless rate increased to 3.9% of the workforce from August's record low of 3.8%.
- **China's services activity skids in October on COVID restrictions - Caixin PMI**
  The Caixin services purchasing managers' index (PMI) fell to 48.4 last month, the lowest since May, from 49.3 in September as rising COVID caseloads led to worsened disruptions and weighed on consumer confidence.

Friday November 4th, 2022

- **Euro zone downturn deepens, points to winter recession**
  S&P Global's final composite Purchasing Managers' Index (PMI) for the euro zone, fell to a 23-month low of 47.3 in October from September's 48.1, albeit just above a preliminary 47.1 estimate.
- **Euro zone producer prices rise slightly less than expected in Sept**
  Eurostat said industrial producer prices in the 19 countries sharing the euro rose 1.6% month-on-month in September, just below the 1.7% forecast by economists.
- **China's markets clutch at economy reopening straws**
  Rumours of a possible end to stringent COVID-19 lockdowns have sent China's stock markets flying this week despite the lack of any announced changes.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Hudbay Minerals Inc	$6.82	$1.51	28.44%
Capstone Copper Corp	$3.78	$0.64	20.38%
First Quantum Minerals Ltd	$29.30	$4.60	18.62%
Advantage Energy Ltd	$11.69	$1.69	16.90%
Stelco Holdings Inc	$38.46	$5.03	15.05%
Paramount Resources Ltd	$32.01	$3.68	12.99%
Spartan Delta Corp	$13.64	$1.48	12.17%
MAG Silver Corp	$19.80	$2.06	11.61%
Peyto Exploration & Development Corp	$13.32	$1.32	11.00%
Methanex Corp	$51.35	$5.06	10.93%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Spin Master Corp	$33.80	-$10.45	-23.62%
Lightspeed Commerce Inc	$20.12	-$6.15	-23.41%
ECN Capital Corp	$3.59	-$0.61	-14.52%
Converge Technology Solutions Corp	$4.90	-$0.82	-14.34%
Telus International Cda Inc	$29.85	-$4.48	-13.05%
Primo Water Corp	$17.40	-$2.49	-12.52%
Equinox Gold Corp	$4.06	-$0.56	-12.12%
Nutrien Ltd	$98.79	-$13.30	-11.87%
Open Text Corp	$36.13	-$4.62	-11.34%
Gildan Activewear Inc	$39.13	-$4.74	-10.80%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
ABIOMED Inc	$373.99	$115.93	44.92%
Wynn Resorts Ltd	$70.81	$12.51	21.46%
Hologic Inc	$75.23	$8.30	12.40%
Boeing Co	$160.01	$16.17	11.24%
Freeport-McMoRan Inc	$35.19	$2.99	9.29%
Johnson Controls International PLC	$63.81	$5.11	8.71%
Air Products and Chemicals Inc	$276.06	$21.62	8.50%
Las Vegas Sands Corp	$40.24	$3.15	8.49%
Arista Networks Inc	$131.07	$9.60	7.90%
Aptiv PLC	$97.63	$7.09	7.83%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Copart Inc	$57.38	-$58.98	-50.69%
Lincoln National Corp	$34.42	-$19.61	-36.29%
Catalent Inc	$42.45	-$23.73	-35.86%
Fidelity National Information Services Inc	$60.17	-$24.73	-29.13%
Global Payments Inc	$97.45	-$27.86	-22.23%
Zebra Technologies Corp	$230.56	-$57.44	-19.94%
Warner Bros Discovery Inc	$10.43	-$2.52	-19.46%
Lumen Technologies Inc	$5.92	-$1.42	-19.35%
Paramount Global	$15.57	-$3.45	-18.14%
Fortinet Inc	$47.10	-$10.00	-17.51%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
5N Plus Corp.	VNP	Outperform	Outperform	**C$3.25**	**C$2.50**
Agnico Eagle Mines Ltd	AEM	Outperform	Outperform	**C$75.00**	**C$79.00**
AirBoss of America Corp.	BOS	Outperform	Outperform	**C$14.00**	**C$15.00**
ATCO Ltd.	ACO.X	Sector Perform	Sector Perform	**C$41.00**	**C$40.00**
B2Gold Corp.	BTO	Outperform	Outperform	**C$6.75**	**C$7.00**
Baytex Energy Corp.	BTE	**Sector Perform**	**Outperform**	C$9.00	C$9.00
Bombardier Inc.	BBD.b	Outperform	Outperform	**C$61.00**	**C$58.00**
Brookfield Infrastructure Partners LP	BIP	**Sector Perform**	**Outperform**	US$38.00	US$38.00
CAE Inc.	CAE	Outperform	Outperform	**C$33.00**	**C$38.00**
Canadian Utilities Limited	CU	Sector Perform	Sector Perform	**C$34.00**	**C$33.00**
Capital Power Corp.	CPX	Outperform	Outperform	**C$49.00**	**C$48.00**
Capstone Copper Corp.	CS	Sector Perform	Sector Perform	**C$4.50**	**C$4.75**
Cogeo Communications Inc.	CCA	Sector Perform	Sector Perform	**C$96.00**	**C$100.00**
Colliers International Group Inc.	CIGI	Outperform	Outperform	**US$122.00**	**US$166.00**
Converge Technology Solutions Corp.	CTS	Outperform	Outperform	**C$10.00**	**C$12.00**
Definity Financial Corp.	DFY	Outperform	Outperform	**C$45.00**	**C$29.00**
Doman Building Materials Group Ltd.	DBM	Outperform	Outperform	**C$6.50**	**C$7.00**
Eldorado Gold Corp.	ELD	Outperform	Outperform	**C$13.50**	**C$15.50**
Equinox Gold Corp.	EQX	Sector Perform	Sector Perform	**C$4.00**	**C$5.00**
Gibson Energy Inc.	GEI	Sector Perform	Sector Perform	**C$24.00**	**C$23.00**
H2O Innovation Inc.	HEO	Outperform	Outperform	**C$3.00**	**C$3.25**
Imperial Oil Ltd.	IMO	Sector Perform	Sector Perform	**C$80.00**	**C$73.00**
Intact Financial Corp.	IFC	Outperform	Outperform	**C$238.00**	**C$230.00**
Lightspeed Commerce Inc.	LSPD	Outperform	Outperform	**US$40.00**	**US$65.00**
Lion Electric Co. (The)	LEV	Outperform	Outperform	**US$4.50**	**US$9.00**
MTY Food Group Inc.	MTY	Outperform	Outperform	**C$65.00**	**C$63.00**
Pan American Silver Corp.	PAAS	**Restricted**		**Restricted**	
Parkland Corp.	PKI	Outperform	Outperform	**C$34.00**	**C$38.00**
Pason Systems Inc.	PSI	Sector Perform	Sector Perform	**C$20.00**	**C$19.00**
Premium Brands Holdings Corp.	PBH	Outperform	Outperform	**C$122.00**	**C$125.00**
Royal Gold Inc.	RGLD	Sector Perform	Sector Perform	**US$120.00**	**US$122.00**
Savaria Corp.	SIS	Outperform	Outperform	**C$19.00**	**C$19.50**
Slate Office REIT	SOT.un	Sector Perform	Sector Perform	**C$4.25**	**C$4.40**
SNC-Lavalin Group Inc.	SNC	Outperform	Outperform	**C$36.00**	**C$39.00**
Spin Master Corp.	TOY	**Sector Perform**	**Outperform**	**C$42.00**	**C$57.00**
Sun Life Financial Inc.	SLF	Sector Perform	Sector Perform	**C$66.00**	**C$65.00**
Suncor Energy Inc.	SU	Sector Perform	Sector Perform	**C$54.00**	**C$53.00**
Surge Energy Inc.	SGY	**Restricted**		**Restricted**	
Taseko Mines Ltd.	TKO	Sector Perform	Sector Perform	**C$1.90**	**C$2.00**
Telus Corp.	T	Outperform	Outperform	**C$35.00**	**C$34.00**
TFI International Inc.	TFII	Outperform	Outperform	**C$145.00**	**C$150.00**
Tidewater Renewables Ltd.	LCFS	**Outperform**	**Restricted**	**C$19.50**	**Restricted**
Tourmaline Oil Corp.	TOU	Outperform	Outperform	**C$100.00**	**C$85.00**
Trisura Group Ltd.	TSU	Outperform	Outperform	**C$65.00**	**C$62.00**
Yamana Gold Inc.	YRI	Tender	Tender	**C$6.75**	**C$6.90**

STRATEGIC LIST - WEEKLY UPDATE

(October 31st – November 4th)

No Changes this Week

Comments

Communication Services (Market Weight)

Rogers Communications Inc. (RCI.b)

NBF: More developments this week on the proposed transaction of Rogers Communications Inc. buying Shaw and selling Freedom to Quebecor (Videotron). On Nov. 1, Chief Justice Crampton, the Presiding Member of the Competition Tribunal, oversaw a case management conference (CMC) which ran from about 3 p.m. to 4 p.m. Wrapping the CMC up, Chief Justice Crampton told counsel for the CB that "I would strongly encourage you during the trial to be focused on the merger in the wireless business as it relates to the transaction that is contemplated by the agreement that you have which is the acquisition by Videotron of the wireless business and the acquisition by Rogers of the rest, what [Rogers counsel] was calling the cable business. I understand what you're saying about the links between the cable business and the wireless business, and it may be that the remedy that you're seeking with the Tribunal may or may not ultimately agree that the remedy in Paragraph A [redacted part of CB filing] is the only remedy that is going to work. On the other hand, it may be that we decide that the alternative remedies that you've described will suffice, I don't know, we'll get there when we get there, but I'd hate to waste time during the trial focused on a transaction that isn't going to occur and can't occur, if that in fact is the case, I heard [counsel for Shaw] say it, and we'll look at the evidence on that in greater detail at the appropriate time, but I think we should be focused on the transaction as it stands now in light of what the [ISED] Minister decided [Oct. 25]". We got the four-week duration of the hearing last Friday, and now it looks as though we might have appropriately shifted the scope of the hearing to the updated proposals and how the Freedom sale might serve as a reasonable remedy ahead of the cable deal. We next shift our attention to the start of the Tribunal hearing on Nov. 7.

Telus Corp. (T)

NBF: Key Takeaways: Revs $4671M (CE $4676M) saw TTech upside trump DLCX (TI) miss. TTech beat due to Other Income (reversal of M&A earnout provisions) and higher product sales. Adj. EBITDA $1724M (CE $1698M). LifeWorks bought 9/1/22, while Financial Solutions sold 12/6/21. Leverage 3.44x. Mobile Phone +150K and record Connected Devices +124K (CE +133K & +91K). Mobile Phone ARPU +2.3% to $59.48 (CE $59.36) as premium loading, 5G & roaming (113% vs. 2019) trumped promos, lower overage, higher family discounts & bundling credits. Mobile Phone Churn +5 bps to 0.95% (Postpaid flat 0.76%, prepaid +31 bps to 2.36%). Service Revs +6.8% & Equipment +4.2%. Internet/TV +36K/+18K & Res NAL -6K (CE +42K/+11K/-10K) with Security +25K (CE +23K) for RGUs +73K vs. +75K (CE +66K). Focusing on targeted central office copper retirement to explore potential >$1B multi-year future monetization opportunity of assets (5 pilot real estate projects evolving, 15-30 more opportunities) while looking to reduce opex/capex and drive better product intensity, churn & customer lifetime value. Footprint expansion being pursued. Health revs +5% organic. Agriculture & Consumer Goods revs +29%. The 2022 outlook was updated for LifeWorks, lower mobile equipment revs, and reduced revs/EBITDA guidance from TI. Operating revs up ~8% (was 8%-10%)& EBITDA up 9%-10% (was 8%-10%), capex ~$3.475B (was ~$3.4B incl. $750M-$790M accelerated spend), and FCF ~$1.3B (was $1.0B-$1.2B). NBF maintained its Outperform rating and raised its target price by $1 to $35.00. NBF's target is based on averages of 2022E/2023E DCF (terminal growth +50 bps) & 2023E/2024E NAV, with implied EV/EBITDA 11.0x PF2022E, 10.0x PF2023E & 9.1x 2024E. Besides targeting LifeWorks synergies ($200M next 3-5 yrs), T expects drop in capex post-2022 (~$2.6B 2023E) and will begin realizing benefits of copper decommissioning. NBF added TI's pending buy of WillowTree to its post-2022 forecast.

Consumer Staples (Overweight)

Premium Brands Holdings Corp. (PBH)

NBF: PBH's Q3/22 EBITDA was $141 million versus NBF at $143 million and consensus at $145 million; last year was $123 million. Relative to NBF, PBH delivered weaker Specialty Food (SF) EBITDA mostly offset by stronger EBITDA in Premium Food Distribution (PFD) and higher Investment Income. SF EBITDA was $79 mln vs. NBF at $86 mln; PFD EBITDA was $52 mln vs. NBF at $49 mln. (PBH noted an $18.5 mln accrual claim related to a deferred sandwich program (product not to specification) with a large customer; the margin impact is offset by a claim against the associated supplier. PBH doesn't expect a significant impact on its relationship with the customer and is looking to restart the sandwich program in 2023. PBH assigns a higher probability of being at the lower or bottom end of its 2022 EBITDA guidance range of $510 mln-$530 mln

(NBF is $507 mln). SF's organic volume growth was 4.0% y/y, above NBF at 2.0%; PFD's organic volume growth was 1.5% y/y, below NBF at 5.0%, and below PBH's long-term target of 4% to 6%. Revenue was $1,624 mln vs. NBF at $1,584 mln; last year was $1,342 mln. PBH remains confident that it will exceed the five-year targets (2023) of $6 bln in sales (NBF is $6.4 bln) and $600 mln in adjusted EBITDA (NBF is $586 mln). Despite a solid M&A pipeline, PBH indicated that the near-term focus will be on buybacks and deleveraging (reaching targeted leverage ratios by the end of the year). Total debt to EBITDA is 4.5x (target is 3.5x-4.0x) and senior debt to EBITDA is 3.3x (target is 2.5x-3.0x). Acquisition opportunities may be pushed into 2023. Over the medium term, NBF believes that PBH's outlook will be supported by organic growth and pending EBITDA margin expansion (to 9.1% in 2023E from 8.5% in 2022E); recall that PBH's long-term EBITDA margin target is 10%. In addition, NBF believes that valuation is attractive. PBH currently trades at 10.8x NBFe NTM EBITDA compared to the five-year average of 14.2x. NBF maintained its Outperform rating and lowered its target price to $122.00 from $125.00, which largely reflects slightly lower estimates.

Energy (Overweight)

Cenovus Energy Inc. (CVE)

NBF: Cenovus reported in-line Q3/22. Average production of 777.9 mboe/d (+2% Q/Q; -3% Y/Y) was in line with NBF forecast of 776.8 mboe/d and the Street at 783 mboe/d. Headline CFPS of $1.53 was generally in line to slightly softer than NBF and consensus expectations of $1.58 and $1.59, respectively. The Upstream segment delivered cash flow of $2,849 million (broadly in line with expectations) backed by strong asset performance across the board and elevated commodity prices. However, the Downstream segment missed expectations (CF of $490 million vs. NBF $890 million), particularly in the U.S., driven by lower-than-expected refinery utilization (mainly due to extended planned maintenance activities) and margin capture in the face of ~$420 million in FIFO adjustments. Approximately $659 million of shares were repurchased during the quarter (~29 mln shares), and $205 million worth of base dividends were paid. CVE announced its first variable dividend of $0.114/sh (~$219 mln), payable on December 2nd, 2022. This payment, coupled with the quarterly base dividend of $0.105/share implies an annualized dividend of yield of 1.9%. Despite a somewhat underwhelming quarter, NBF continues to believe the catalyst-rich outlook will drive meaningful margin expansion through its forecast period, namely the restart of the Superior refinery (Q1/23), the continued application of FCCL subsurface techniques to the remainder of the portfolio and optimization opportunities across the expanded heavy oil value chain. Moreover, the Company is poised to hit its $4 billion net debt floor in short order, thereby necessitating increased cash returns to shareholders (targeting 100% of FCF). CVE remains NBF's top integrated pick, and NBF reiterated its Outperform rating and $36.00 target price

Enbridge Inc. (ENB)

Reuters: Canada's Enbridge Inc reported a higher third-quarter adjusted profit on Friday, delivering higher shipments on its oil and gas pipelines amid surging energy demand since Russia's invasion of Ukraine. Canada, the world's fourth-largest crude producer, has been seeking ways to boost pipeline utilization amid a jump in U.S. LNG export volumes to Europe following Russia's invasion of Ukraine. Enbridge, which moves about 30% of the crude oil produced in North America and nearly 20% of the natural gas consumed in the United States, said it delivered nearly 3 million barrels of oil per day (bpd) on its Mainline system, compared to 2.7 million bpd a year ago. Enbridge separately announced it received strong interest from producers bidding for capacity on its T-South section of the B.C. Pipeline system running from near Chetwynd, British Columbia (B.C.) and extending to the Canada-U.S. border at Huntingdon-Sumas. It will also launch an open season to get bids for the T-north segment of the B.C. system. "It's clear that the world needs all forms of energy to meet future demand, especially in the context of the energy security, reliability, and affordability challenges," said Enbridge Chief Executive Officer Al Monaco, who will step down from the top job in January after 11 years in charge. The Calgary-based company's adjusted earnings rose to C$1.4 billion, or 67 Canadian cents per share, in the three months to Sept. 30, from C$1.2 billion, or 59 Canadian cents per share, a year earlier.

Tourmaline Oil Corp. (TOU)

NBF: TOU reported third quarter operating & financial results in line with expectations, including average production of 481.9 mboe/d (23% liquids) and associated CFPS of $3.06 (vs. consensus $3.17). During the quarter, the company maintained a solid margin in the face of contracting domestic gas prices (reflecting its liquids, costs, market diversification, hedge book), with a cash netback of $24/boe (-20% Q/Q; 63% margin vs. 52% prior quarter), and which underpinned a payout ratio of ~45% and associated annualized FCF yield of ~10%. Its budget and operations remain on track with expectations, with capital spending expectations unchanged through 2023e to drive ~5-10% sequential annual PPS growth within a ~30% payout ratio (10-15% implied FCF yield). Similarly, the company's five-year outlook holds for ~5% annualized growth within a 35-40% payout (~15% implied FCF yield). Activity in support of that remains robust with tailwinds to capital efficiencies and complements from liquids growth (8% CAGR) in addition to expanding exposures to U.S. markets & LNG. As net debt plummets (prevailing at net cash incl. TPZ interest), its emphasis on return of capital is expanding, with its base dividend increased 11% ($1.00 per share annualized), in addition to the announcement of its fifth special dividend announced ($2.25 per share) as its fourth consecutive increase, and the sum of which reflects a trailing 10% cash yield of returns to shareholders. That context remains important, as it eclipses and extends its previously stated payout targets, and the application of which through the outlook supports potential for +20% dividend growth, and ultimately a value proposition towards $100 per share (assuming 10% yield). TOU is a different breed, and the strength of its model in consistently growing its cash returns continues to support momentum and establishment of material long value upside. NBF maintained its Outperform rating on TOU and raised its target price to $100.00 from $85.00.

Financials (Market Weight)

Fairfax Financial Holdings Ltd. (FFH)

NBF: Q3-22 First Look: FFH reported operating income of $425 million, ahead of NBF $76 million estimate. Net investment losses (incl. realized and unrealized) were $519 million vs. NBF $461 million loss forecast. BVPS of $569.97 decreased ~3% q/q (but above the street $563.41) due to negative market impacts. FFH reported underwriting loss of ~$17 million (NBF ~$89 million loss) due to a 100.3% combined ratio, somewhat helped by a 21% y/y increase in net premiums earned. Combined ratio was 100.3% in Q3-22, in line with NBF at 100.9%, and slightly better than 101.1% in Q3-21. This included 15 combined ratio points related to catastrophe losses (primarily due to 10.5 points from Hurricane Ian and 1.7 points from hailstorms in France). Excluding catastrophes, FFH delivered a solid 85% combined ratio. In addition, the negative combined ratio impact from the exposure to the Ukraine conflict still stands at <1%. Highlighting the scale benefits of rapid premiums growth, FFH reported a consolidated underwriting expense ratio of 11.3% in Q3-22, down from 13.5% in Q3-21. On the top line, FFH delivered gross premiums written of $6.9 billion and net premiums earned of $5.4 billion, up ~16% y/y and ~21% y/y, respectively. All segments reported positive net premiums earned growth on a year-over-year basis, particularly the North American and Global Insurers and Reinsurers segments that delivered double-digit growth. Underwriting leverage (net premiums earned over common equity) on an LTM basis now stands at 1.44x, up from 1.30x in Q2-22 and <1.0x pre-pandemic, reflecting the company's focus on delivering profitable growth in hardening insurance markets. FFH reported net losses on investments totaling $519 million in Q3-22, including net losses on equity exposures of $155 million (reflecting the 5% decline in the S&P 500 and an $82 million net loss on the total return swaps on Fairfax shares), net losses on bonds of $242 million (primarily unrealized losses due to rising interest rates), and net losses on other instruments of $122 million (unrealized FX losses given a strengthening USD). However, NBF expects several crucial offsets in the immediate term. First, the company has yet to book after-tax gains of ~$1.4 billion likely to be realized in 2022, including ~$1.0 billion related to the sale of the company's Pet Insurance operations and ~$375 million related to the company's equity investment in Digit Insurance. Second, unrealized losses on bonds will reverse over the next 12-18 months given the company's short duration fixed income portfolio of 1.6 years. Moreover, the benefits of rising interest rates translate to a significant interest income tailwind. Management estimates the current run rate of interest and dividend income at ~$1.2 billion annually, up from $950 million last quarter and nearly double the run rate to end 2021. Upside to interest income is likely as the company's allocation to cash and short-dated (<12 month) investments stands at $37 billion. Fairfax also continues to hold equity total return swaps on 1,964,155 FFH subordinate voting shares with an original notional amount of $732.5 million or $372.96 per share, unchanged since April 2021. Profit from non-insurance associates jumped to $333 million in Q3-22 from $183 million in Q3-21 and $252 million in Q2-22 on continued growth at Eurobank ($80 million vs. $43 million in Q3-21), Atlas ($58 million vs. $20 million), and an increased interest in Grivalia Hospitality (to 78.4% from 33.5%) that resulted in consolidating their income. Separately, non-insurance subsidiaries reported pre-tax income (EBITDA) of $84 million, up from $35 million in Q3-21 and $49 million in Q2-22, primarily reflecting improving volumes in the Restaurants & Retail and Thomas Cook India segments (less COVID restrictions) as well as increased revenues from AGT and Dexterra. Although one of the best performing Financials stocks YTD, FFH remains the best value idea in NBF diversified financials coverage universe. Still trading below book value at ~0.8x, the market is pricing FFH at an ROE of ~6%. NBF believes FFH can deliver sustainable long-run ROE of at least 10% through a combination of consistently strong underwriting growth/profits and improving total investment return performance. NBF applies a ~1.1x P/ B multiple on its Q3-23 estimate (plus 1.0x AOCI) to arrive at its $1,100.00 price target.

iA Financial Corporation inc. (IAG)

NBF: Q3 preview: In NBF's view IAG's H1/22 results were Jekyll & Hyde-ish, with Q1/22 generating a material shortfall versus expectations and the company's own guidance, while Q2/22 exceeded both. NBF notes that consensus is currently forecasting Q3/22 EPS of $2.27 (vs. NBF at $2.18), which is below IAG's guidance range of $2.30-$2.45. While management reiterated its confidence in achieving its full year $8.70-$9.30 EPS guidance during the Q2/22 earnings call, NBF has taken a more conservative approach. Its 2022E EPS of $8.55 is lower than guidance as it reflected the impact of expense inflation, lower Wealth/AUM fees and normalization of P&C segment profits as headwinds. Ironically, the ~140 bps YTD increase in IAG's benchmark interest rate for reserve liabilities raises the spectre of a reserve charge. That is, for every 10 bps increase to the company's Initial Reinvestment Rate (IRR), a $25 mln reserve charge would be recorded during IAG's year-end actuarial review (or ~$350 mln based on the actual movement in this year's rates). On the other hand, a 10 bps increase to the company's Ultimate Reinvestment Rate (i.e., 20+yr cash flows) results in a $48 mln reserve release, or nearly double the IRR downside per 10 bps. The difference in terms of recording any benefit or charge is related to timing. Whereas IRR adjustments are in "real time", the URR is a reserve assumption largely mandated by the Actuarial Standards

Board (ASB). The last adjustment mandated by the ASB was in 2019. Two of IAG's high-flying businesses are coming back to earth. The P&C business, which benefited from low cat losses and unusually low claims activity during the pandemic, has been trending below expectations this year. H1/22 pre-tax profits of $20 mln are ~30% below IAG's quarterly run-rate guidance. Management stated that Q2/22 P&C profits were subdued partly due to severe storms in Quebec. The company's U.S. auto warranty business is also normalizing. During the pandemic, the entity managed to navigate supply chain problems that weighed on new auto sales by growing used car warranty products, among other factors. Warranty sales, though, fell 7% Y/Y during Q2/22, the first decline since IAG began reporting this line item in Q1/18. As the economy slows and consumer confidence wanes, NBF expects this trend to persist. From a longer-term perspective, NBF continues to favour IAG for its lower risk profile and cheaper relative valuation. IAG also expects a neutral to near favourable impact on EPS/BVPS from IFRS 17 at transition, which is an added positive. NBF maintained it Outperform rating and reduced its target price to $80.00 (from $81.00).

Intact Financial Corp. (IFC)

NBF: Q3 preview: Intact reports November 8th after markets close. NBF forecasts operating EPS of $2.83 in Q3-22 (was $2.81) primarily due to benign weather generally, though somewhat offset by higher catastrophe losses due to Hurricane Ian. NBF's estimate is slightly above consensus at $2.76. IFC continues to merit a premium valuation as NBF expects the company will i) successfully integrate and operate RSA's Canada and UK&I operations (delivering on synergy upside), and ii) produce roughly mid-teens OROE through 2023 and beyond. While risk to Personal Auto profitability has risen given inflationary forces seen in the United States, NBF believes rate increases will continue to outpace loss cost trends. Persistent hard market conditions also increase the likelihood IFC will deliver earnings outperformance in the near term. For context, IFC delivered total company combined ratio of ~95% in 2018 and 2019 compared to ~89% in 2020 and 2021. NBF forecasts ~91%-92% in 2022 and 2023, which may still prove conservative given recent performance in hard market conditions. IFC currently trades at ~2.6x P/B vs. the five-year average of ~2.4x. NBF's $238.00 price target (up from $230.00 due to one-quarter roll forward) implies a ~2.6x multiple (unchanged) on its BV estimate (ex. AOCI) in Q3-23 (plus 1.0x AOCI).

Information Technology (Market Weight)

Kinaxis Inc. (KXS)

NBF: Kinaxis reported solid Q3 results relative to NBF and Consensus expectations. Those results were despite a 10% FX headwind. On a constant currency basis, total revenue was up 49% Y/Y, with SaaS revenue up 28% Y/Y (CC) with ARR of $259 mln ($269 mln in CC), up 25% Y/Y (30% CC). NBF sees building momentum at Kinaxis, from a combination of market tailwinds and the Company's rising position that's leading to market share gains that's reflected in organic new customer wins increasing 38% Y/ Y, which is fueling a base of Remaining SaaS Performance Obligations (RPO) to +37% Y/Y. Beyond the above, NBF also believes there are notable leading indicators to support that momentum going forward which includes: (1) an accelerating pipeline; (2) improved LTV:CAC via S&M efficiencies; and (3) growing recognition from technology advisors as a "leader" in its respective market. It's no secret that supply chains continue to be highly relevant to driving efficiencies while securing the production process for enterprises. Shorter term, with RPO covering a notable portion (98%) of Kinaxis' SaaS revenue guidance at the midpoint, we see potential upside near term. Bottom line, Kinaxis has and continues to be one of NBF's Top Picks given the market that the Company operates in (Supply Chain) combined with its leading technical position and defensive attributes (recurring revenue, FCF, strong balance sheet). NBF maintained its Outperform rating and $250.00 target price.

Open Text Corp.

NBF: OpenText reported solid FQ1 (CQ3) results relative to expectations. In NBF's view, those results continue to highlight OpenText's defensive attributes with a TTM FCF Yield of +11% and a growing recurring revenue base (85% of revenue; +200 bps Y/Y) driven by a record quarter for Cloud bookings - $112 mln, up 37% Y/Y. To NBF, that performance is particularly noteworthy given the macro backdrop but even more so in the context of OpenText's pending acquisition of Micro Focus (MF) as those results reflect the cumulative performance on years of (many) acquisitions, and it's NBF's view that OTEX is not only getting little benefit from that record but penalized for the potential contribution from MF – NBF sees that as a meaningful opportunity. The pending acquisition is on course to close in the first calendar quarter of 2023. MF also reported its FQ3 (3 months ended July 31,2022) results. Those results were consistent with expectations with a slowing pace of revenue declines to ~5.2% Y/Y (ex. Digital Safe) and the reiteration for flat growth expectations in F23. Getting back to OpenText's FQ1, the results marked the seventh consecutive quarter of positive organic growth (in CC) – which NBF estimates was around 3% based on NBF's organic analysis. In NBF's view, that performance reflects concerted efforts (e.g., Cloud adoption, serving SMBs) over the past three years. All in, while organic growth adds potential option value to the name, NBF continues to view OpenText as an acquisition-led growth story; as such, it expects the Company to remain acquisitive even beyond the pending MF deal. Bottom line, NBF sees a lot of untapped value in OTEX. NBF reiterated its Outperform rating and US$60.00 target price on OTEX.

Materials (Overweight)

Agnico Eagle Mines Ltd. (AEM)

NBF: Earlier this week, NBF updated its model to account for Agnico Eagle's Q3 financial and operating results (released on October 26th). NBF tweaked its depreciation per ounce estimates to reflect recent trends. NBF has also better aligned its costs over the medium term based on recent performance and management commentary. NBF's model updates have resulted in slightly less production through 2024 paired with slightly higher AISC. NBF is forecasting 2022/2023/2024 gold production of 3,192koz/3,234koz/3,290 koz respectively (from 3,198koz/3,286koz/3,291koz previously). NBF is now forecasting 2022/2023/2024 AISC of US$1,054/ US$1,018/ US$945 per oz respectively. As a result, NBF sees its EBITDA estimates fall in 2023 and 2024 to US$2,549M and US$2.533M from US$2,673M and US$2,597M previously. Aside from a slight decrease in 2022 to reflect actual capex spending, NBF's capex estimates have remained relatively unchanged through 2024. As a result of its model updates, NBF sees a 4% decrease in NAV and a revision in its target price to $75.00 (previously $79.00) on an unchanged 10.0x NTM EV/EBITDA multiple.

This morning Agnico Eagle and Pan American Silver (TSX: PAAS, Restricted) announced they have delivered a definitive binding offer to the Board of Directors of Yamana, looking to compete with Gold Fields' existing bid valued at ~US$4.21 bln (US$4.38/sh) as of Nov. 3 close. Yamana has deemed the new bid as superior to the Gold Fields offer and notified Gold Fields the five business day matching period has commenced. Today's new binding offer from Agnico Eagle and Pan American totals ~US$4.82 bln (US$5.02/sh for Yamana as of Nov 3 close), including US$1 bln in cash to be paid by Agnico Eagle. Agnico Eagle is set to acquire Yamana's Canadian assets (Canadian Malartic/Odyssey (Quebec), Wasamac U/G development project (Quebec) and Monument Bay exploration project (Manitoba)) along with minimal working capital at the site level; and Pan American Silver would acquire all the outstanding shares of Yamana and all other mining assets. The deal is not subject to any financing conditions or additional due diligence. The US$300 mln break fee payable to Gold Fields and Yamana management change of control fees to be paid out of the Yamana component going to Pan American. The total purchase price attributable to Agnico Eagle is ~US$2.48 bln or ~C$3.41 bln, which represents a purchase price of ~US$220/oz of total resources, proving modestly elevated to the average price paid of US$201/oz for the last three major Canadian deals (Pretium (Nov 2021), Kirkland Lake Gold (September 2021) and Detour Gold (November 2019)). On a P/NAV basis, NBF estimates Agnico Eagle is paying ~1.39x based on its C$2.45 bln valuation of Yamana's Canadian assets for 4Q22 onwards. As of the November 3rd close, Agnico Eagle was trading at 1.13x NAV on a cash-adjusted basis. Despite both valuations proving somewhat expensive, NBF would note the tremendous exploration upside potential at the underground component of Canadian Malartic (aka Odyssey) and thus believe Agnico Eagle could prove this to be a good, if not a great, price paid over the next couple of years. NBF is Tender rated on Yamana, but it is shifting to recommend that Yamana shareholders tender to the Agnico Eagle and Pan American deal, as it views the new offer as superior in value.

Utilities (Market Weight)

Capital Power Corp. (CPX)

NBF: CPX posted Q3/22 adj. EBITDA of $383 mln versus NBF $364 mln estimate (Street: $356 mln), reflecting stronger realized Alberta power pricing and asset optimization. Based on YTD performance and a robust forward power price curve, CPX has increased 2022 adj. EBITDA guidance to $1,300-$1,340 mln (was $1,240-$1,280 mln), and now representing >15% upside from initial 2022 guidance. For 2023, based on forward Alberta prices, the company expects EBITDA to be generally in line with 2022 levels. Following its Midland Cogen acquisition in Michigan, CPX is eyeing additional synergistic growth opportunities in Ontario. On the regulatory front, both Alberta and Ontario are reviewing the electricity performance standard, with expectations for drawing down from the current 0.37 t/MWh. Of note, CPX is largely protected in Ontario through contract provisions at its three facilities, while the company had previously anticipated a decline when assessing the economics for its ~$2 bln Genesee CCS project. That said, CPX continues to work with Mitsubishi & Kiewit as they conduct a FEED study for the proposed ~$2 bln CCS project. Lastly, CPX continues to await clarity regarding long-term carbon pricing (i.e., government-backed contract-for-differences) prior to making an FID in 2023. With NBF's commodity deck following the upward shift in near-term forward pricing, including Alberta power prices of ~$115/MWh through 2023 (was $95/ MWh), NBF's 2023e AFFO/sh moves up to $7.57 (was $6.98), while D/EBITDA slides down to 2.7x (was 3.1x). Based on the lift to its near-term estimates, NBF's target bumps up $1 to $49.00, while NBF continues to highlight +15% valuation upside related to the potential CCS project at Genesee and a $5/MWh increase to its long-term Alberta power price assumption of $65/MWh, in line with 2024 forward prices of >$70/MWh. As such, NBF reiterated its Outperform rating.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**4.9**	**Market Weight**
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 56.66	3.5	0.5		
Telus Corp.	T.TO	19-May-22	$ 30.64	$ 28.70	4.8	0.5		
Consumer Discretionary							**3.6**	**Underweight**
Canadian Tire Corporation Ltd.	CTCa.TO	18-Nov-21	$ 174.10	$ 152.15	4.3	1.9		
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 79.41	0.3	0.6		
Consumer Staples							**4.2**	**Overweight**
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 112.36	1.5	0.3		
Premium Brands Holdings Corp.	PBH.TO	17-Feb-22	$ 122.90	$ 78.80	3.6	0.7		
Energy							**18.8**	**Overweight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 28.49	1.5	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 54.17	6.4	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 81.55	1.2	1.4		
Whitecap Resources Inc.	WCP.TO	19-May-22	$ 10.27	$ 10.94	4.0	2.4		
Financials							**30.6**	**Market Weight**
Canadian Imperial Bank of Commerce	CM.TO	29-Mar-22	$ 78.14	$ 62.44	5.4	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 18.34	1.7	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 692.14	1.9	0.9		
iA Financial Corporation Inc.	IAG.TO	21-Jul-22	$ 64.09	$ 76.79	3.6	1.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 207.66	2.0	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 127.32	4.1	0.9		
Health Care							**0.4**	**Market Weight**
Industrials							**13.2**	**Underweight**
ATS Automation Tooling Systems Inc.	ATA.TO	18-Nov-21	$ 48.62	$ 46.50	0.0	0.7		
WSP Global Inc.	WSP.TO	19-May-22	$ 142.73	$ 163.73	0.9	1.7		
Information Technology							**5.2**	**Market Weight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 142.18	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 36.13	3.5	0.9		
Materials							**12.0**	**Overweight**
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	$ 75.74	$ 58.51	3.6	0.6		
Kinross Gold Corp.	K.TO	16-Sep-21	$ 7.06	$ 5.23	3.4	0.5		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 45.61	1.2	1.2		
REITs							**2.5**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 41.93	3.5	0.7		
Summit Industrial Income REIT	SMU_u.TO	17-Feb-22	$ 21.50	$ 17.93	3.3	1.2		
Utilities							**4.8**	**Market Weight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 42.76	5.4	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 15.00	4.8	0.8		

Source: Refinitiv (Priced November 4, 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 7th – November 11th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
8-Nov	06:00	NFIB Business Optimism Idx	Oct	92.10		Index
9-Nov	07:00	MBA Mortgage Applications	4 Nov, w/e	-0.5%		Percent
9-Nov	10:00	Wholesale Sales MM	Sep	0.1%		Percent
9-Nov	10:30	EIA Wkly Crude Stk	4 Nov, w/e	-3.115M		Barrel (Mln)
10-Nov	08:30	Core CPI MM, SA	Oct	0.6%	0.5%	Percent
10-Nov	08:30	Core CPI YY, NSA	Oct	6.6%	6.5%	Percent
10-Nov	08:30	**CPI MM, SA**	Oct	0.4%	0.7%	Percent
10-Nov	08:30	**CPI YY, NSA**	Oct	8.2%	8.0%	Percent
10-Nov	08:30	**Initial Jobless Clm**	5 Nov, w/e	217k	220k	Person (Thou)
10-Nov	08:30	Jobless Clm 4Wk Avg	5 Nov, w/e	218.75k		Person (Thou)
10-Nov	08:30	Cont Jobless Clm	29 Oct, w/e	1.485M	1.475M	Person (Mln)
10-Nov	10:30	EIA-Nat Gas Chg Bcf	4 Nov, w/e	107B		Cubic foot (Bln)
10-Nov	14:00	Federal Budget,$	Oct	-430.00B		USD (Bln)
11-Nov	10:00	**U Mich Sentiment Prelim**	Nov	59.9	59.0	Index

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
9-Nov	06:00	Leading Index MM	Oct	-0.30%		Percent
9-Nov	11:00	Refinitiv IPSOS PCSI	Nov	48.51		Index (diffusion)

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday November 7th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Algoma Steel Group Inc	ASTL	AMC	
Ballard Power Systems Inc	BLDP	BMO	-0.13
BRP Inc	DOO	AMC	1.33
Centerra Gold Inc	CG	BMO	0.04
Cronos Group Inc	CRON	BMO	-0.06
CT Real Estate Investment Trust	CRT_u	AMC	0.32
Finning International Inc	FTT	AMC	0.73
Franco-Nevada Corp	FNV	BMO	1.24
Innergex Renewable Energy Inc	**INE**	**NTS**	**0.13**
Ritchie Bros Auctioneers Inc	RBA	BMO	0.37

Tuesday November 8th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Canadian Apartment Properties Real Estate Investment Trust	**CAR_u**	**AMC**	**0.61**
Converge Technology Solutions Corp	CTS	AMC	0.10
Element Fleet Management Corp	**EFN**	**AMC**	**0.26**
Endeavour Silver Corp	EDR	BMO	0.06
EQB Inc	EQB	AMC	2.13
Freehold Royalties Ltd	FRU	NTS	0.52
Home Capital Group Inc	HCG	BMO	0.97
IAMGOLD Corp	IMG	AMC	0.15
Intact Financial Corp	**IFC**	**AMC**	**2.76**
Killam Apartment REIT	KMP_u	AMC	0.30
Maple Leaf Foods Inc	MFI	06:00	0.07
SSR Mining Inc	SSRM	BMO	0.05
TransAlta Corp	TA	BMO	0.29

Wednesday November 9th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
ATS Automation Tooling Systems Inc	**ATA**	**BMO**	**0.53**
Birchcliff Energy Ltd	BIR	AMC	0.99
Boardwalk Real Estate Investment Trust	BEI_u	AMC	0.83
Boralex Inc	BLX	07:00	-0.16
Boyd Group Services Inc	BYD	BMO	0.69
Canopy Growth Corp	WEED	BMO	-0.26
CCL Industries Inc	CCLb	17:30	0.94
CGI Inc	GIBa	BMO	1.55
Chartwell Retirement Residences	CSH_u	AMC	0.15
Choice Properties Real Estate Investment Trust	CHP_u	AMC	0.24
Crombie Real Estate Investment Trust	CRR_u	AMC	0.29
ECN Capital Corp	ECN	AMC	0.07
Exchange Income Corp	EIF	AMC	1.16
First Majestic Silver Corp	FR	BMO	0.23

Fortuna Silver Mines Inc	FVI	AMC	0.19
Granite Real Estate Investment Trust	GRT_u	AMC	1.09
iA Financial Corporation Inc	**IAG**	**BMO**	**2.27**
Keyera Corp	KEY	BMO	0.72
Kinross Gold Corp	**K**	**AMC**	**0.24**
Linamar Corp	LNR	AMC	1.77
Manulife Financial Corp	MFC	AMC	0.69
MEG Energy Corp	MEG	AMC	1.70
Northland Power Inc	NPI	AMC	0.20
Osisko Gold Royalties Ltd	OR	AMC	0.20
Pan American Silver Corp	PAAS	AMC	0.36
Park Lawn Corp	PLC	AMC	0.21
Peyto Exploration & Development Corp	PEY	AMC	1.13
Power Corporation of Canada	POW	AMC	0.97
Rogers Communications Inc	**RCIb**	**BMO**	**0.86**
Russel Metals Inc	RUS	17:00	1.18
Sienna Senior Living Inc	SIA	AMC	0.25
Stella-Jones Inc	SJ	BMO	1.03
Summit Industrial Income REIT	SMU_u	NTS	0.19
Superior Plus Corp	SPB	AMC	-0.30
TC Energy Corp	TRP	BMO	0.99
Torex Gold Resources Inc	TXG	AMC	1.02
Tricon Residential Inc	TCN	BMO	0.15
Vermilion Energy Inc	VET	AMC	3.03
Wesdome Gold Mines Ltd	WDO	AMC	0.16
WSP Global Inc	**WSP**	**AMC**	**1.58**

Thursday November 10th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Altus Group Ltd	AIF	AMC	0.44
Brookfield Asset Management Inc	BAM	BMO	0.77
CAE Inc	CAE	BMO	0.17
Canadian Tire Corporation Ltd	**CTCa**	**06:00**	**3.92**
CI Financial Corp	CIX	BMO	0.73
Definity Financial Corp	DFY	AMC	0.34
Dundee Precious Metals Inc	DPM	AMC	0.15
Filo Mining Corp	FIL	AMC	-0.11
goeasy Ltd	GSY	AMC	2.79
InterRent Real Estate Investment Trust	IIP_u	NTS	0.14
Saputo Inc	SAP	AMC	0.37
Stantec Inc	STN	AMC	0.86

Friday November 11th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Algonquin Power & Utilities Corp	AQN	BMO	0.17
Emera Inc	EMA	BMO	0.74
Hydro One Ltd	H	BMO	0.49
Onex Corp	ONEX	BMO	
SmartCentres Real Estate Investment Trust	SRU_u	AMC	0.52

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 7th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Activision Blizzard Inc	ATVI	AMC	0.50
Alliant Energy Corp	LNT	AMC	1.01
Diamondback Energy Inc	FANG	AMC	6.33
International Flavors & Fragrances Inc	IFF	AMC	1.32
Mosaic Co	MOS	AMC	3.40
NiSource Inc	NI	BMO	0.12
NRG Energy Inc	NRG	BMO	1.43
Solaredge Technologies Inc	SEDG	AMC	1.44
Take-Two Interactive Software Inc	TTWO	AMC	1.37

Tuesday November 8th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Akamai Technologies Inc	AKAM	AMC	1.22
Constellation Energy Corp	CEG	BMO	0.71
Dupont De Nemours Inc	DD	06:00	0.79
Expeditors International of Washington Inc	EXPD	BMO	1.95
Jack Henry & Associates Inc	JKHY	AMC	1.43
News Corp	NWSA	AMC	0.15
NortonLifeLock Inc	NLOK	AMC	0.45
Norwegian Cruise Line Holdings Ltd	NCLH	07:30	-0.70
Occidental Petroleum Corp	OXY	AMC	2.46
PerkinElmer Inc	PKI	BMO	1.45

Wednesday November 9th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Atmos Energy Corp	ATO	AMC	0.43
D R Horton Inc	DHI	BMO	5.09
STERIS plc	STE	AMC	1.98
Wynn Resorts Ltd	WYNN	AMC	-1.00

Thursday November 10th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Becton Dickinson and Co	BDX	BMO	2.74
Ralph Lauren Corp	RL	NTS	2.08
Tapestry Inc	TPR	BMO	0.76
TransDigm Group Inc	TDG	BMO	5.21

Friday November 11th, 2022

None

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

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