NATIONAL BANK FINANCIAL

The Week at a Glance

January 22nd, 2020

THE WEEK IN NUMBERS

(January 18th – January 22nd)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	30,996.98	182.72	0.59%	1.28%	6.30%	23.3
S&P 500	3,841.47	73.22	1.94%	2.27%	15.51%	30.3
Nasdaq Composite	13,543.06	544.56	4.19%	5.08%	44.04%	36.5
S&P/TSX Composite	17,845.91	-63.12	-0.35%	2.37%	1.27%	19.9
Dow Jones Euro Stoxx 50	3,602.41	2.86	0.08%	1.40%	-3.60%	23.7
FTSE 100 (UK)	6,695.07	-40.64	-0.60%	3.63%	-10.82%	17.5
DAX (Germany)	13,873.97	86.24	0.63%	1.13%	3.63%	24.8
Nikkei 225 (Japan)	28,631.45	112.27	0.39%	4.33%	20.32%	28.8
Hang Seng (Hong Kong)	29,447.85	873.99	3.06%	8.14%	5.51%	16.2
Shanghai Composite (China)	3,606.75	40.37	1.13%	3.85%	21.17%	15.0
MSCI World	2,755.49	40.68	1.50%	2.43%	14.52%	23.5
MSCI EAFE	2,199.58	14.64	0.67%	2.42%	8.01%	18.8

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	237.54	-1.29	-0.54%	1.88%	15.55%	33.1
S&P TSX Consumer Staples	614.48	-7.58	-1.22%	-2.89%	-4.35%	16.9
S&P TSX Energy	95.34	-3.32	-3.37%	4.76%	-31.41%	N/A
S&P TSX Financials	310.63	-4.25	-1.35%	1.42%	-4.82%	12.9
S&P TSX Health Care	78.30	0.31	0.40%	30.17%	-3.54%	N/A
S&P TSX Industrials	328.74	-5.72	-1.71%	-0.03%	9.65%	34.3
S&P TSX Info Tech.	192.64	7.30	3.94%	5.64%	47.57%	59.5
S&P TSX Materials	318.05	3.98	1.27%	-0.80%	20.46%	22.7
S&P TSX Real Estate	308.02	4.19	1.38%	3.21%	-16.05%	15.0
S&P TSX Communication Services	167.31	-0.40	-0.24%	2.18%	-8.89%	21.1
S&P TSX Utilities	336.78	5.66	1.71%	5.41%	9.33%	18.4

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21E
Oil-WTI futures (US$/Barrels)	$52.14	-0.22	-0.42%	7.46%	-6.21%	$50.00
Natural gas futures (US$/mcf)	$2.45	-0.29	-10.49%	-3.51%	27.21%	$2.60
Gold Spot (US$/OZ)	$1,855.30	26.00	1.42%	-2.00%	18.58%	$1,935
Copper futures (US$/Pound)	$3.63	0.03	0.71%	3.26%	33.11%	$3.55

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21E
Cdn$/US$	0.7859	0.0008	0.10%	0.10%	3.16%	0.83
Euro/US$	1.2165	0.0087	0.72%	-0.39%	10.07%	1.23
Pound/US$	1.3681	0.0095	0.70%	0.06%	4.27%	1.39
US$/Yen	103.80	-0.07	-0.07%	0.54%	-5.19%	106

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

THE WEEK IN NUMBERS

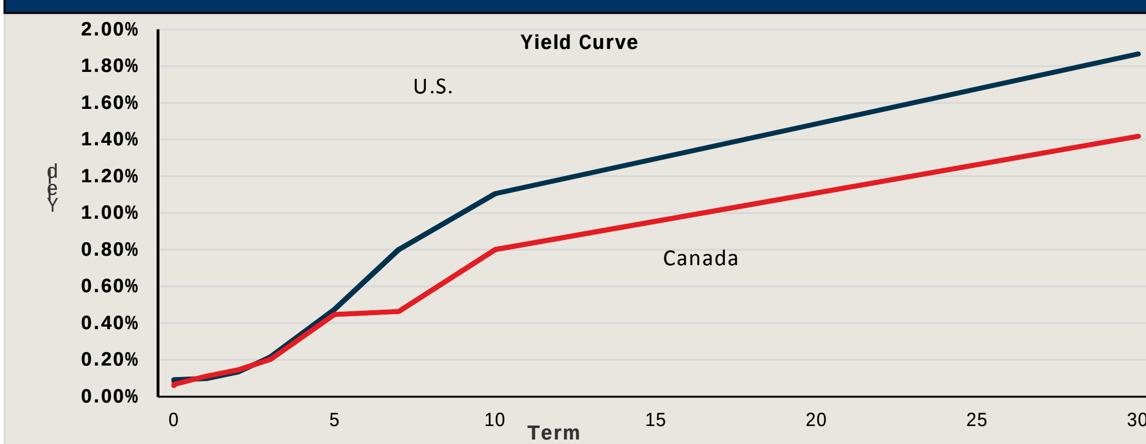
(January 18th – January 22nd)

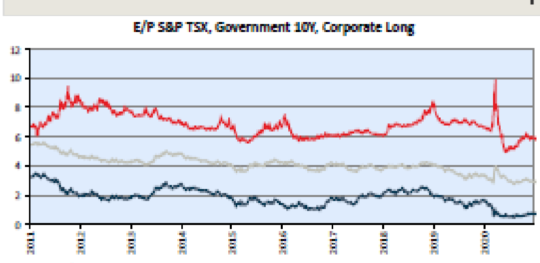
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.45%	-4.3
CDA Prime	2.45%	0.0	CDA 10 year	0.84%	-7.0
CDA 3 month T-Bill	0.06%	-1.0	CDA 20 year	1.14%	-9.7
CDA 6 month T-Bill	0.10%	-1.5	CDA 30 year	1.48%	-12.5
CDA 1 Year	0.14%	-1.8	5YR Sovereign CDS	37.89	0.0
CDA 2 year	0.17%	-2.3	10YR Sovereign CDS	39.89	0.0

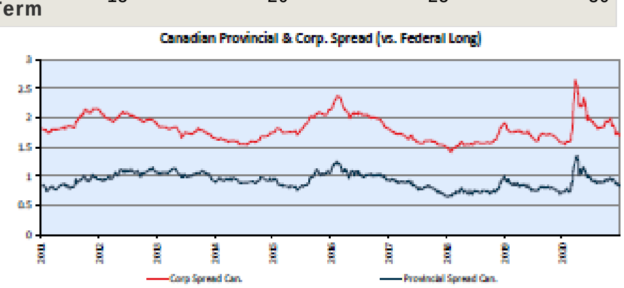
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	0-0.25%	0.0	US 5 year	0.44%	-3.6
US Prime	3.25%	0.0	US 10 year	1.09%	-9.2
US 3 month T-Bill	0.08%	-0.9	US 30 year	1.86%	-16.5
US 6 month T-Bill	0.09%	-0.9	5YR Sovereign CDS	12.11	-2.0
US 1 Year	0.09%	-0.9	10YR Sovereign CDS	21.41	-1.8
US 2 year	0.13%	-1.2			

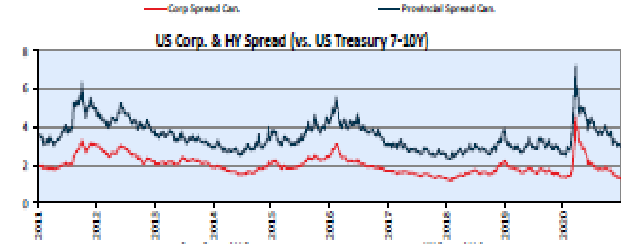
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.04%	-1.20%
FTSE Short Term Bond Index	0.03%	0.08%
FTSE Mid Term Bond Index	0.02%	-0.58%
FTSE Long Term Bond Index	0.06%	-3.19%

CURRENT YIELD CURVE







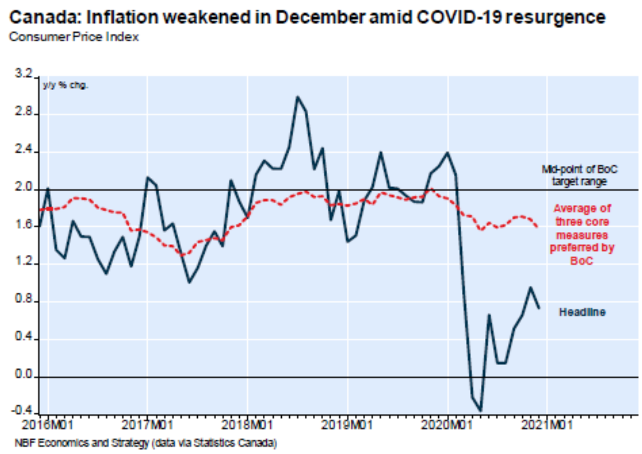


Source: Refinitiv & NBF

NBF Economy & Strategy Group

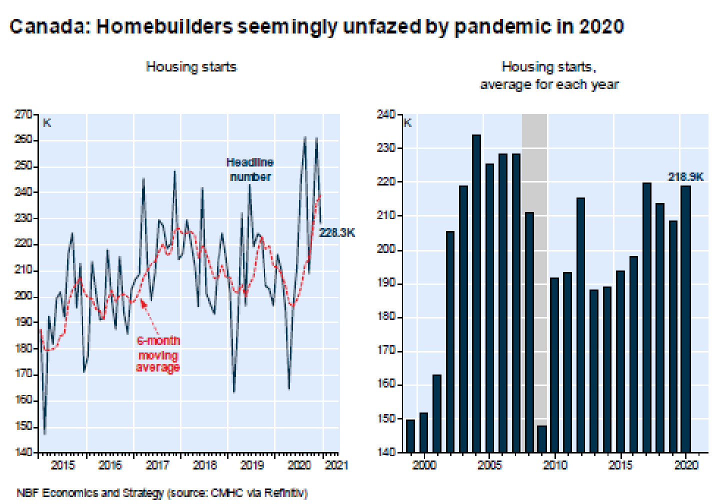
WEEKLY ECONOMIC WATCH

CANADA - In December, the **Consumer Price Index** fell 0.2% m/m (not seasonally adjusted) instead of rising 0.1% as expected by consensus. In seasonally adjusted terms, headline prices advanced 0.1% on gains for recreation/education/reading (+1.0%). Alternatively, clothing/footwear (-1.1%), food (-0.4%), health/personal care items (-0.1%), household ops (-0.1%), and alcoholic beverages/tobacco (-0.1%) declined, while transportation and shelter were flat. Year on year, headline inflation slid three ticks to 0.7%, and the Bank of Canada's three core inflation measures were as follows: CPI-common 1.3% (down two ticks), CPI-trim 1.6% (down one tick), and CPI-median 1.8% (down one tick)..



December's CPI report came in weaker than expected, but we see this as a temporary trend that should dissipate when sanitary measures are relaxed. Keep in mind that generous government aid programs are creating artificial labour shortages that are expected to last until vaccines allow a progressive return to normality. In the meantime, rising commodity prices, supply chain disruptions, and a strongly positive base effect should continue to support core inflation.

Housing starts slipped from 261.2K in November to a still-elevated 228.3K in December (seasonally adjusted and annualized). This was roughly in line with the 230.0K print expected by consensus and comfortably above the five-year average for this indicator (~210K). Urban starts eased from 237.4K to 205.9K on a decline in the multi-unit category (from 180.8K to 152.9K). Single-family starts eased as well, albeit less markedly (from 56.5K to 53.0K). At the provincial level, total starts were up in Alberta (from 26.6K to 30.9K) but down in Ontario (from 86.2K to 72.1K), Quebec (from 67.5K to 56.7K), and British Columbia (from 49.6K to 43.6K). On a quarterly basis, starts stayed roughly unchanged countrywide in Q4 after surging a massive 25.2% in Q3, their steepest increase on record. For 2020 as a whole, starts averaged 218.9K, their second-highest level since 2007. The combination of record-low mortgage interest rates and strong Federal government income support programs no doubt contributed to maintain demand for housing high last year despite the pandemic's impact on the economy.



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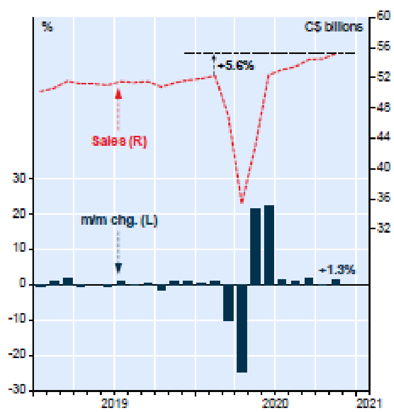
Retail sales rose for a seventh month in a row in November, climbing 1.3% m/m. This result was significantly stronger than the flat print expected by consensus. Sales were up in 7 of the 11 subsectors, with the most important contributions coming from food/beverages (+5.9%), building material (+2.2%), general merchandise (+1.6%) and electronics/appliances (+4.5%). On the flip side, outlays at motor vehicles/parts dealers fell 0.9%. Without autos, consumer spending rose a healthy 2.1%. Nine of the ten provinces saw higher sales, Manitoba (-3.1%) being the sole exception. Quebec (+2.0%), Ontario (+0.9%) and British Columbia (+0.8%) recorded decent gains. In real terms, Canada's retail sales advanced 1.2%. Finally, Statistics Canada's early estimate for December nominal sales showed a 2.6% decline.

The November retail sales report came in much stronger than expected, with headline outlays progressing at their fastest monthly pace since September and reaching a new all-time high of C$55.2 billion (or 5.6% above their pre-pandemic peak). Sales of motor vehicles and parts eased in the month but remained comfortably ahead of their pre-recession trend. Spending elsewhere was strong. Following's November's gains, sales stood above pre-crisis levels in 9 of the 11 sub-sectors covered. The rebound in housing-related categories has been particularly impressive with spending on building materials (+23.5% vs. February) and furniture (+14.1%) reaching new all-time highs. This should not come as a surprise considering relentless activity in the housing market. Sales in the miscellaneous (+19.5% vs. February), electronics/appliance (+26.4%), sporting goods/hobby (+16.7%) and food/beverages (+12.2%) categories have also fared very well in the aftermath of lockdowns. That said, some segments continued to suffer from the effects of the pandemic, namely gasoline stations (-18.5% vs. February) and clothing (-13.8%). Given the deterioration of the health situation in several provinces of the country, we expect retail sales to lose some momentum in late Q4 and early Q1. Already the preliminary estimate of Statistics Canada suggested spending fell sharply in December.

Canada: Strong recovery in the retail sector extended into November

Nominal retail sales



Variation in sales since February

	April	November
Total	-32.4	5.6
Motor vehicles and parts	-63.8	2.1
Furniture/home furnishing	-63.1	14.1
Electronics/appliance	-10.4	26.4
Building material	-14.8	23.5
Food/beverages	10.8	12.2
Health/personal care	-12.6	6.0
Gasoline stations	-47.8	-18.5
Clothing	-83.6	-13.8
Sporting goods/hobby	-64.6	16.7
General merchandise	-12.8	10.9
Miscellaneous	-28.0	19.5

NBF Economics and Strategy (data via Statistics Canada)

Nominal **wholesale trade** expanded for a seventh straight month in November, swelling 0.7% to an all-time high of C$67.4 billion. This gain hoisted sales 4.4% above their pre-pandemic level. Sales increased in five of the seven subsectors, led by machinery (+2.8%) and building materials (+1.1%). In volume terms, total wholesale trade sprang 0.9% m/m and were on track to expand 7.0% annualized in the last quarter of the year.

After increasing by no less than 48.6% from April to October, **manufacturing sales** cooled 0.6% m/m in November to C$53.7 billion, that is, 3.8% below their pre-pandemic level. This result was slightly weaker than the -0.4% print expected by consensus. Sales were down in just 5 of the 21 industries covered, including wood products (-4.1%), paper manufacturing (-3.8%), and transportation equipment (-9.1%). This last category was negatively affected by a 23.8% drop in the aerospace products/parts sub-sector. On the flip side, notable increases were registered in the categories of petroleum/coal (+5.3%) and fabricated metals (+3.4%). With the price effect removed, total factory sales retraced 0.6%, while inventories expanded 0.8%. As a result, the real inventory-to-sales ratio climbed two ticks to a lofty 1.61.

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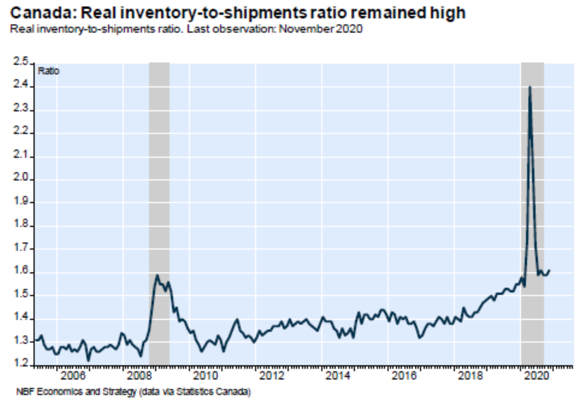
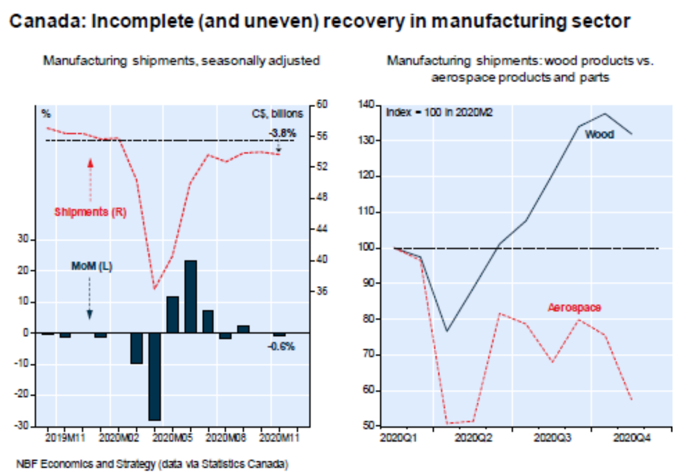
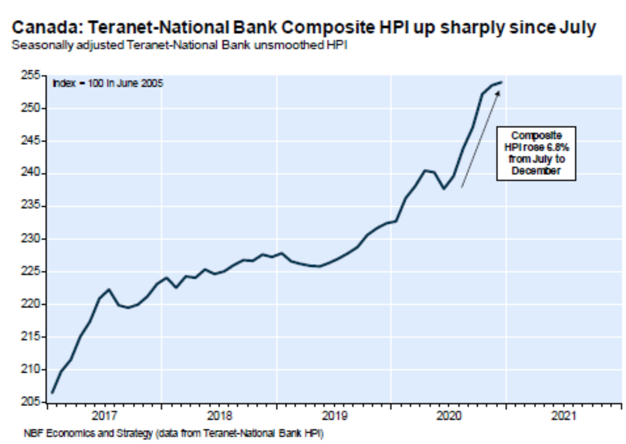


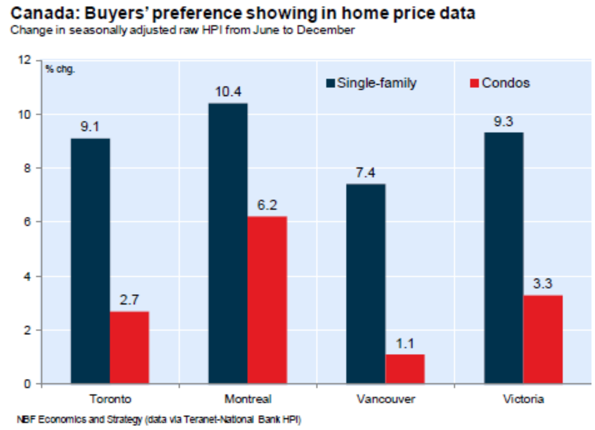
The recovery in factory sales came to a halt in November, but losses were concentrated in just a few categories. The pandemic continued to hurt the aerospace segment, where shipments stood 42.5% below their pre-crisis level. Without this category, sales actually edged up 0.1%. Shipments in the wood products category declined as well, but this was entirely due to lower prices. In volume terms, sales in this segment continued to advance (+1.6% m/m) thanks to strong demand from homebuilders in both Canada and the United States. With one month of data still to come, real manufacturing shipments are tracking just a small increase in Q4 after surging an annualized 133.7% the prior quarter. We do not expect December's figures to improve the quarterly performance, as these may have been affected by the marked resurgence of new Covid-19 cases in North America and Europe at year's end. In this light, it may be a while still before shipments recover fully from the pandemic shock. High inventory levels will not help matters either going forward.



The **Teranet–National Bank Composite National House Price Index** advanced 0.6% in December, its largest increase for a month of December since 2009. Ten of the 11 metropolitan markets covered were up in the month. From December 2019 to December 2020, the Composite HPI rose 9.4%. Ottawa-Gatineau (19.7%), Montreal (15.2%) and Toronto (10.3%) were the top performers. Victoria (7.6%), Vancouver (7.1%), Winnipeg (5.7%), and Quebec City (4.5%) lagged the national average while still recording decent gains. Prices in Calgary were down 1.5% from a year earlier.



The Teranet-National Bank HPI rose to a new pinnacle in December, reflecting historically high sales volumes and limited supply in most regions. Price hikes in the single-family segment have far outpaced those observed for condos, as buyers continue to favour the former in the context of the pandemic.



At this past Wednesday's **monetary policy meeting, the Bank of Canada** opted to keep its main policy rate at the effective lower bound of 0.25%, a decision fully expected by the forecasting community but one that disappointed markets that had been pricing in a "micro" rate cut more and more. Once again, the Bank committed to keep the target for the overnight rate at the effective lower bound "until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved". The Bank noted that it did not expect this to occur until "into 2023". This was the same guidance that accompanied the October projections. Importantly, the Bank's QE program was left unchanged at "at least $4 billion per week" and was set to continue until "the recovery [was] well underway". There was, however, a new line of forward guidance introduced here: "As the Governing Council gains confidence in the strength of the recovery, the pace of net purchases of Government of Canada bonds will be adjusted as required." Regarding the economy, the rate statement indicated that the recovery had been interrupted as many countries faced new waves of the virus. However, it also stated: "The earlier-than-anticipated arrival of effective vaccines has reduced uncertainty from extreme levels." On balance, the medium-term outlook was described as "stronger and more secure" than in October.

BoC: Summary of Economic Projections

	Latest	October MPR
Change in real GDP (%)		
2020	**-5.5**	-5.7
2021	**4.0**	4.2
2022	**4.8**	3.7
2023	**2.5**	---
CPI inflation (y/y % chg.)		
2020	**0.7**	0.6
2021	**1.6**	1.0
2022	**1.7**	1.7
2023	**2.1**	---
Range for potential output (%)		
2020	**0.1 - 1.3**	0.1 - 1.3
2021	**0.2 - 1.6**	0.2 - 1.6
2022	**0.3 - 1.9**	0.3 - 1.9
2023	**0.2 - 2.2**	---

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The central bank also released the latest edition of its Monetary Policy Report, which included overall positive revisions to most of its forecast variables. Global GDP growth was boosted for 2020, 2021 and 2022. In making these projections, the Bank assumed that "effective vaccine rollout [would] lead to broad immunity by the end of 2021 in […] advanced economies and China and by mid-2022 in other emerging-market economies." Concerning the Canadian economy, the BoC now expected GDP to expand 4.0% in 2021, a tad less than the 4.2% projected in the October edition of the MPR. In the Bank's opinion, a slower start to the year owing to a less favourable epidemiological context should be offset by relatively strong growth thereafter, provided that the most severe virus containment measures are lifted in February. Encouragingly, the small downgrade to the 2021 GDP figure was more than offset by a sizeable upward revision to 2022's growth outlook, from 3.7% to 4.8%. There again, greater optimism rested on the arrival of effective vaccines. Stronger growth projections also translated into a more vigorous inflation forecast. Once more, it was the 2021 numbers that showed the biggest revisions, with CPI inflation now projected to hit 1.6% (up from 1.0%). The longer-term outlook, however, remained rather weak as economic slack was expected

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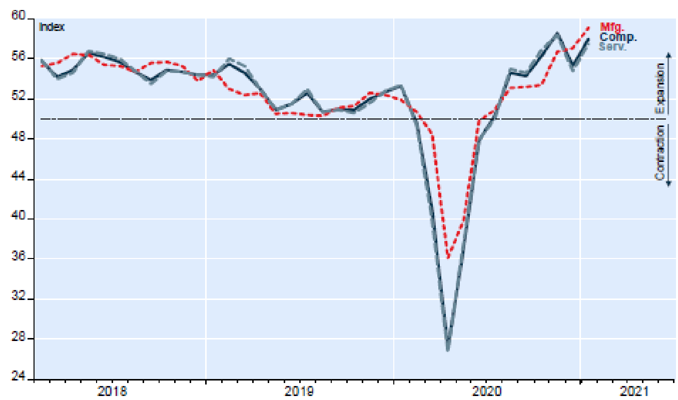
to persist in most regions into late 2021 and 2022. The Bank expected headline inflation to reach 2% only in 2023.

Overall, BoC Governor Tiff Macklem mostly stuck to script at the press conference, providing just a few noteworthy comments beyond what was contained in the rate statement and MPR. He noted in response to multiple questions that the BoC had different options open to provide more stimulus if the economy proved substantially weaker than expected. This included lowering the effective lower bound (to a smaller but still positive rate), increasing the pace of QE purchases, shifting QE purchases further out the curve, and/or implementing yield curve control. Macklem highlighted, also, that a rising Canadian dollar was a risk to the outlook as it could dampen prospects for exports.

In our opinion, if COVID case counts decline, nationwide inoculation continues and the economy cautiously reopens again, the Bank will have no choice but to start removing some of the extraordinary stimulus put in place amid the COVID-19 crisis. We continue to believe that it will probably be necessary to slow the pace of QE to $3 billion/week at one of the coming meetings. The Bank's added guidance in its statement suggests that this could happen at the April rather than the March meeting as there likely will not be much data released in early March bearing witness to a recovery. When tapering ultimately occurs, it would not be surprising to see it coincide with further terming out of the Bank's purchases.

UNITED STATES - The Markit flash composite PMI came in at 58.0 in January (vs. 55.3 the prior month), signalling the broadest improvement in private-sector activity since November. The degree of optimism towards future output remained very high, with survey respondents citing rollouts of vaccines as a confidence booster.

United States: Private sector recovery accelerated in January
Markit Flash PMI. Last observation: January 2021



NBF Economics and Strategy (Source: Markit via Refinitiv)

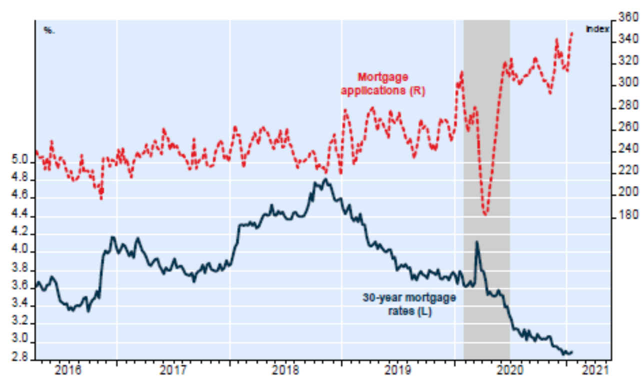
The manufacturing sub-index climbed from 57.1 to an all-time high of 59.1. Factory output expanded at its fastest pace in years, while new orders benefited from a resurgence in foreign demand. Also noteworthy, input cost inflation at firms operating in the manufacturing sector was the most pronounced in over two years thanks to "significant supply chain delays, raw material shortages and evidence of stockpiling at goods producers". Higher input prices seemed to have been at least partially passed on to clients, as evidenced by Markit's report of the sharpest rise in charges since July 2008. Manufacturing payrolls expanded at the quickest pace in two years. The services sub-index, for its part, improved from 54.8 to 57.5 despite new orders accumulating at a slower pace because of restrictions put in place to limit the spread of the coronavirus.

In December, **housing starts** rose 5.9% to a 14-year high of 1,669K (seasonally adjusted and annualized), exceeding by far the median economist forecast of 1,560K. Adding to the good news, the prior month's result was revised up from 1,547K to 1,578K. The increase in December was driven by the singles category, where starts jumped from 1,195K to 1,338K. Starts in the multi-unit category, meanwhile, eased from 383K to 331K. The latest data showed that **building permits**, too, registered a sizeable increase, with total applications rising 4.5% to a multi-year peak of 1,709K. Permits issued for single-family dwellings soared 7.8% to 1,226K, while those for multi-unit dwellings pulled back 3.0% to 483K.

Once again, housing starts came in above consensus expectations, capping a roller-coaster of a year in the residential construction sector. After plummeting in the early days of the pandemic, ground-breaking roared back to life, supported by low interest rates and generous federal government income replacement programs. The post-lockdown rebound was particularly impressive in the single-family category as months of confinement and the opportunity to telework shifted buyer preferences towards more spacious quarters outside urban centres. Indeed, ground-breaking for single units progressed no less than 12.3% in 2020 as a whole, whereas starts in the multi-unit category sagged 1.9%. Though asymmetrical, the rebound was undeniably solid: Total starts averaged 1,397K in the year as a whole, their highest level since 2006. Are builders getting ahead of themselves? We think not. While the resurgence of the virus may reduce momentum somewhat in the early goings of 2021, advance indicators continue to show strong demand: The NAHB Housing Market Index remains elevated, building permits are at their highest since August 2006, mortgage applications are running far above levels seen in recent years, and inventories on the resale market are extremely depressed. If anything, the extra stimulus announced by the Biden administration and the progressive re-opening of the economy later this year should help keep homebuilders busy in 2021.

...and prospects still bright

Bankrate.com average rate on 30-year fixed mortgage vs. MBA mortgage applications purchase index



NBF Economics and Strategy (source: Bankrate.com and Mortgage Bankers Association via Bloomberg)

Sales of existing homes rose for the sixth time in the last seven months in December, rising 0.7% to 6,760K (seasonally adjusted and annualized). The increase lifted sales 17.4% above their pre-pandemic level. Contract closings in the month rose for both single-family homes (+0.7% to 6,030K) and condos (+1.4% to 730K). Higher sales caused the inventory-to-sale ratio to slip four ticks to 1.9, its lowest level on record and indication of extremely scarce supply. (According to the National Association of Realtors, a ratio <5 indicates a tight market.) Aside from the resurgence in sales, the persistent tightness of the market can also be explained by an extreme shortage of listings. Indeed, the inventory of properties available for sale totaled just 1.07 million (not seasonally adjusted). Not only was this down 23.0% from 12 months earlier but it also represented the lowest December level ever recorded. Aside from low interest rates, lack of supply has been largely responsible for supporting prices since the beginning of the COVID-19 crisis. In October, the median price for a previously owned home progressed 12.9% y/y to $309,800.

Initial jobless claims resumed their downward trend in the week to January 16, falling from 926K to 900K. This followed a brief resurgence the week before caused in large part by a deterioration of the health situation in the country. **Continued claims**, meanwhile, eased from 5,181K to 5,054K, their lowest level since March. We must add to these the roughly 10 million people who received benefits in the week ended January 1 under the emergency programs introduced during the pandemic (Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation). Yearend confirmation that these programs were extended until mid-March was no doubt greeted as a lifesaver by the millions of people who remain unemployed because of the pandemic.

WORLD - In **China, real GDP** expanded 2.6% q/q in Q4 (non-annualized), a tick below consensus expectations. More than compensating for this miss, the previous quarter's result was revised up from +2.7% to +3.0%. Year on year, GDP grew 6.5% in Q4, accelerating from 4.9% the previous quarter. For the year as a whole, the economy expanded 2.3%, its weakest showing in four decades but still pretty good under the circumstances. (China should be the only major economy to report growth in 2020.) Some economic figures for December provided evidence of a sharp recovery on the supply side. Industrial production, for instance, progressed 7.3% on a 12-month basis, overshooting both the 6.9% print expected by consensus and the rate recorded in December prior to the coronavirus outbreak (+6.9%). The rebound in consumer spending, on the other hand, remained incomplete, with retail undershooting expectations in December (+4.6% y/y instead of +5.5% as per consensus).

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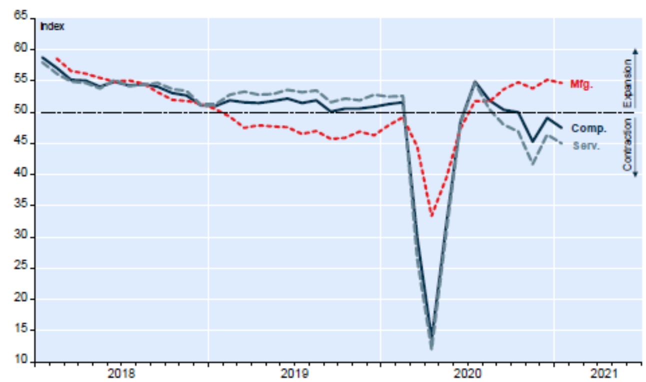
The **Markit Eurozone's Flash Composite PMI** sank further into contraction territory, sliding from 49.1 in December to 47.5 in January. The pullback suggests the eurozone's economy could shrink again in in Q1 as rising COVID-19 cases are forcing several governments to tighten social distancing measures. However, Markit's report highlighted that "the last three months have seen the PMI remain higher than during the initial months of the pandemic in the spring of last year, suggesting that the economic impact of the second wave of virus infections has so far been considerably less severe than in the first wave." The data continued to exhibit divergent trends by sector. The manufacturing sub-index, on the one hand, slipped from 55.2 to 54.7 but continued to signal a healthy rate of expansion. The output and new orders gauges stayed well above the 50-point threshold while supplier delivery times increased at the second fastest pace on records going back to 1997. Alternatively, services-producing businesses suffered from reduced social contacts, with the associated gauge sinking from 46.4 to 45.0. Incoming new business in the services sector shrank for a sixth month in a row, with the pace of contraction accelerating.

Eurozone: Services sector hit by COVID-19 resurgence in January
Markit Flash PMI. Last observation: January 2021



NBF Economics and Strategy (Source: Markit via Refinitiv)

Despite the Eurozone being on the verge of a double-dip recession, the **European Central Bank** kept its monetary policy unchanged on Thursday. It held its main refinancing rate at 0.00%, its marginal lending rate at 0.25%, and its deposit facility rate at -0.50%. The terms of the Pandemic Emergency Purchase Program (PEPP), too, were left unchanged following a significant enhancement six weeks earlier (€500 billion expansion to €1.85 trillion, coupled with an extension to March 2022). At the press conference following the meeting of the Governing Council, ECB President Christine Lagarde stated that a decline in output in the fourth quarter in the Eurozone would likely "travel" into the first quarter, as tighter restrictions to prevent the spread of COVID-19 take a toll on the economy. In this context, a more in-depth discussion on the possibility of offering more stimulus would take place at the March meeting, when some of the uncertainties surrounding the pandemic should have cleared. In the meantime, Lagarde said "risks […] remain tilted to the downside, but less pronounced." She added: "The roll-out of vaccines, which started in late December, allows for greater confidence in the resolution of the health crisis." Other positive developments since the ECB's last meeting included the approval of a €750-billion recovery fund by the European Union and the signing of a post-Brexit trade agreement between the United Kingdom and its continental partners. In a concession to the more hawkish members in the Council, Lagarde reminded her audience that the full amount of the Pandemic Emergency Purchase Programme (PEPP) "need[ed] not be used in full" if the economy recovered quickly from the pandemic but added that the program could be expanded if necessary.

The **January iteration of the Jibun Bank/Markit flash PMI** showed private-sector activity worsened once again in **Japan** as the government imposed a partial state of emergency to contain the spread of the coronavirus. The composite index fell 1.8 point to 46.7, marking a twelfth consecutive deterioration in business conditions. As is usually the case when social distancing measures are tightened, the service sector suffered the biggest downturn. The associated index dropped from 47.7 to 45.7. The manufacturing index eased as well, albeit to a lesser extent (from 50.0 to 49.7). Factory output fell back into contraction territory, but this could prove temporary judging from the largest increase in new orders since December 2018. Unsurprisingly, the **Bank of Japan** maintained its overnight interest rate at -0.1% and reiterated its commitment to buy an unlimited amount of government bonds in order to keep 10-year yields at about 0% (±0.2%). It announced, also, that it would keep buying exchange-traded funds (ETFs) at an annual pace of about ¥12 trillion. The BoJ also released its latest economic forecasts, which showed slightly weaker growth in fiscal 2020 offset by a stronger rebound in fiscal 2021 and 2022. The central bank's projections also showed a slightly stronger inflation path. Still, the main price gauge tracked by the BoJ looks set to remain below target at least until 2023.

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MONTHLY ECONOMIC MONITOR – JANUARY 2021

Highlights

- The course of the global economy continues to depend on the evolution of the pandemic, and in recent days the news has been rather bad. Shortly before Christmas, British health authorities reported detection of a new variant of the SARS-CoV-2 virus. A few days later South Africa made a similar announcement. The scientific community warns that these mutant versions of the virus, while not seeming deadlier than their predecessors, are more contagious. The U.K. tightened its lockdown measures in response. Other European countries, notably France and Germany, followed suit. In the U.S., meanwhile, a steady rise in the daily count of new cases has put enormous pressure on the health-care system. It's hard to imagine how first-quarter global growth could not take a hit from these developments. We nevertheless continue to see a strong rebound of the global economy in 2021. Our forecast for the year as a whole is unchanged at +5.4%.

- The U.S. pandemic picture has deteriorated further since our last issue. As many specialists feared, the year-end holidays brought a resurgence of Covid-19 cases. Meanwhile, the vaccination campaign launched in December has made less headway than anticipated. The delays on this front mean that a more complete reopening of the economy will not come before the second quarter. The current context has prompted us to revise down our growth outlook for Q4 2020 and Q1 2021. In our view, this soft patch will be offset by stronger growth in the second half of the year, and we are leaving our growth forecast for 2021 unchanged at 3.8%. Despite the deterioration of the short-term outlook, recent developments leave hope for a solid rebound in the second half of the year. First, uncertainty about the next round of fiscal stimulus has finally dissipated with the announcement of a new $900-billion federal aid package. Democratic control of the Senate, with its potential for still more fiscal stimulus, only increases our confidence for the post-pandemic period.

- At this writing there is no sign that the holiday pause slowed the spread of Covid-19 in Ontario and Quebec. In Quebec, intensive-care hospitalization has topped its first-wave peak and this time around Ontario's rate is comparable to Quebec's. This evolution has taken their hospitals to the brink of overload and has led their provincial governments to apply still stricter measures to contain the spread of the virus. The new Quebec and Ontario measures make a first-quarter economic contraction very likely. However, the Q1 retreat we anticipate (−3.9% annualized) will be nothing like the dizzying fall of Q2 last year (−38.1%), when non-essential services were shut down across the board. The soft patch we see for Canada in Q1 should turn out to be transient, in our view not enough to derail the ongoing revival. The advent of effective vaccines against the Covid virus late last year has boosted the confidence of Canadian businesses. The Bank of Canada's Business Outlook Survey reported this month that hiring and investment intentions in December were up strongly from the previous quarter though the second wave was well under way at the time of the survey. This suggests a solid rebound when the pandemic in brought under control. ***(Full report)***

U.S. Financial Forecast**

	Current 1/08/21	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2020	2021	2022
Fed Fund Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
3 month Treasury bills	0.08	0.10	0.10	0.10	0.15	0.09	0.15	0.40
Treasury yield curve								
2-Year	0.14	0.20	0.25	0.30	0.35	0.13	0.35	0.75
5-Year	0.49	0.55	0.65	0.75	0.85	0.36	0.85	1.25
10-Year	1.13	1.20	1.30	1.40	1.45	0.93	1.45	1.70
30-Year	1.87	1.90	1.95	2.00	2.00	1.65	2.00	2.15
Exchange rates								
U.S.$/Euro	1.23	1.20	1.24	1.25	1.23	1.22	1.23	1.19
YEN/U.S.$	104	100	103	105	106	103	106	100

*** end of period*

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Quarterly pattern

	Q1 2020 actual	Q2 2020 actual	Q3 2020 actual	Q4 2020 forecast	Q1 2021 forecast	Q2 2021 forecast	Q3 2021 forecast	Q4 2021 forecast
Real GDP growth (q/q % chg. saar)	(5.0)	(31.4)	33.4	3.9	1.7	3.6	3.9	3.6
CPI (y/y % chg.)	2.1	0.4	1.3	1.2	1.6	3.0	2.3	2.4
CPI ex. food and energy (y/y % chg.)	2.2	1.3	1.7	1.6	1.6	2.5	1.9	2.0
Unemployment rate (%)	3.8	13.1	8.8	6.8	6.8	6.4	6.1	5.8

National Bank Financial

Canada Financial Forecast**

	Current 1/08/21	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2020	2021	2022
Overnight rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
3 month T-Bills	0.06	0.10	0.15	0.15	0.20	0.07	0.20	0.35
Treasury yield curve								
2-Year	0.20	0.20	0.25	0.35	0.45	0.20	0.45	0.65
5-Year	0.45	0.50	0.55	0.60	0.70	0.39	0.70	0.90
10-Year	0.82	0.85	0.95	1.05	1.10	0.68	1.10	1.30
30-Year	1.43	1.45	1.50	1.50	1.55	1.21	1.55	1.65
CAD per USD	1.27	1.29	1.26	1.25	1.20	1.27	1.20	1.25
Oil price (WTI), U.S.$	51	47	50	52	57	48	57	53

*** end of period*

Quarterly pattern

	Q1 2020 actual	Q2 2020 actual	Q3 2020 actual	Q4 2020 forecast	Q1 2021 forecast	Q2 2021 forecast	Q3 2021 forecast	Q4 2021 forecast
Real GDP growth (q/q % chg. saar)	(7.3)	(38.1)	40.5	6.6	(3.9)	7.5	5.6	4.0
CPI (y/y % chg.)	1.8	0.0	0.3	0.9	1.3	2.7	2.7	2.3
CPI ex. food and energy (y/y % chg.)	1.8	1.0	0.6	1.1	1.0	1.8	2.3	1.9
Unemployment rate (%)	6.3	13.0	10.0	8.7	9.2	8.7	8.2	7.9

National Bank Financial

Geopolitical Briefing:
What a unified Democrat government could accomplish

Introduction

Not too long ago, it was widely assumed that the Senate would remain under Republican control and that the Biden administration would be forced to advance its agenda largely through executive orders and appointments to regulatory agencies. The surprise Democratic sweep of the two Senate races in Georgia upended this scenario. In addition to controlling the House of Representatives (222 to 212), the Dems now also have a working majority in an evenly split Senate where the Vice-President will be called upon to cast the tie-breaking vote when needed. The presidency and narrow control of both chambers of Congress puts the Democrats in a much stronger position to advance significant parts of their legislative agenda, which includes providing further stimulus, expanding the healthcare safety net, investing massively in infrastructure, and increasing taxes. However, to advance their agenda, the Democrats will need to remain united, attract Republican support for certain bills, and avoid having their legislative priorities bogged down by the impeachment process.

Democrat control of Senate opportunities and limits While the Democrats have regained control of the Senate, they did not win enough seats to escape the Senate rule requiring 60 votes to close endless debate on most legislation (otherwise known as filibustering). There are two ways to get around this 60-vote threshold. One is to lower the bar to 51 votes for all legislation. This could be achieved through a simple majority vote. Doing so would provide an unprecedented opportunity to pass major legislation. However, a simple majority requires the support of all 50 Democrat Senators, which is currently not a given. This means that, for the foreseeable future, bipartisan support will still be necessary to pass certain pieces of legislation, such as infrastructure.

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Another stimulus package

First on the agenda is Biden's proposed $1.9-trillion stimulus plan. This would be in addition to the approximately $4 trillion that Congress already approved to address the pandemic. The broad contours of the plan are as follows:

- $1 trillion: direct payments and beefed-up unemployment benefits
- $350 billion: states and localities
- $416 billion: national vaccination program
- $50 billion: grants and loans for small businesses
- Increase of federal minimum wage to US$15 an hour

We do not feel that the Biden administration will be able to garner enough bipartisan support in the Senate (at least ten Republicans needed) to overcome the 60-vote threshold. Many Republicans are opposed to various parts of the plan, including the hefty price tag, the $1,400 in direct payments, and plans to more than double the current federal minimum wage to $15 an hour. Consequently, Democrats will likely resort to budget reconciliation to pass a stimulus package with a simple majority of votes in the Senate, rather than the 60 normally required for approval. However, reconciliation could limit what Democrats are able to include in the bill for the reasons explained above. Experts are divided, for instance, over whether raising the federal minimum wage or passing one-off aid packages to the states can be done via this mechanism. Because of the potential limitations to reconciliation and the fact that the support of virtually all the Democrats in Congress (both moderates and progressives) is required to pass legislation, we feel that the stimulus package that gets approved will be closer to the $1 trillion range.

Expansion of healthcare coverage is another priority

President Biden's proposals for healthcare includes increasing subsidies for health insurance, controlling drug costs by among other measures allowing Medicare to directly negotiate prices, offering a government option for coverage, and lowering the Medicare eligibility age from 65 to 60. We feel that the Biden administration will succeed in getting certain of these proposals, starting with health insurance subsidies, approved via budget reconciliation.

Has infrastructure's time finally arrived?

Despite many years of false hopes, the stars might finally be aligning for the approval of an infrastructure bill worth anywhere from $1 trillion to $2 trillion. Both parties support an increase in borrowing to rebuild the country's crumbling infrastructure and get people back to work, particularly those without college degrees. The fact that updating America's infrastructure is being widely touted as necessary to stay competitive with China also significantly boosts its chances for approval.

Environment

While getting environmental legislation approved seems unlikely on account of the 60 votes required in the Senate, Biden will be able to make significant changes via executive orders. This includes re-joining the Paris Agreement on climate change, halting permits for new oil/gas drilling on federal lands, setting national limits on emissions for power plants and automobiles, and reviving the mandate that requires government agencies to factor in climate change considerations in their actions. Some analysts feel that, like Trump who cited national security concerns to implement tariffs via executive order, Biden would have the legal authority to do the same regarding one of his major policy proposals: carbon border taxes on imports from countries with lesser environmental standards.

Will taxes go up?

The Biden administration plans to push for tax hikes after various spending bills have been passed. It is hoped that following this timetable would not only cushion the economic impact of tax hikes, it will also reduce the risk of a major political backlash. Some of Biden's tax proposals include:

- Raising corporate taxes from 21% to 28%;
- Restoring the top tax rate for people making over $400,000 to 39.6% from its present 37%;
- Taxing capital gains for those making over $1 million per year at 39.6% instead of 23.8%.

Unlike COVID-relief legislation, which some Republicans might support, there will be little bipartisan backing for tax increases. Consequently, Democrats will likely have to resort to reconciliation. This means that the main challenge will be navigating the divisions among Democrats over how much taxes should be raised.

Tough line on China to continue under Biden presidency

Conclusion With control of the presidency and both chambers of Congress, Democrats are in a strong position to advance significant parts of their agenda. Finally, if history is any indication of the future, the Democrats have about two years to pass major legislation before the next midterm elections. In the past, the sitting president's party has tended to lose control of at least one chamber of Congress *(full report)*

IN THE NEWS

U.S. and Canadian News

Monday January 18th, 2021

- **U.S. CDC reports 394,495 deaths from the coronavirus**
  The U.S. Centers for Disease Control and Prevention (CDC) on Sunday reported 23,653,919 cases of the new coronavirus, an increase of 213,145 from its previous count, and said that the number of deaths had risen by 3,557 to 394,495.
- **Canada housing starts fall in December on urban multi units - CMHC**
  The seasonally adjusted annualized rate of housing starts fell to 228,279 units from a revised 259,949 units in November. Economists had expected starts to fall to 227,000.
- **Canada's Couche-Tard to explore partnership opportunities with Carrefour, after takeover plan fails**
  Canada's Alimentation Couche-Tard and European retailer Carrefour SA have decided to work on partnership opportunities after takeover talks failed, the two companies said in a joint statement.

Tuesday January 19th, 2021

- **Biden plans to reverse Trump policies during first days in office**
  Kansas City Federal Reserve President Esther George on Tuesday said the Fed has the tools to "rein in" inflation if needed, but added that she does not expect the Fed to react if inflation rises only slightly above its 2% goal.
- **"Act big" on stimulus, Biden's Treasury nominee Yellen tells lawmakers**
  Janet Yellen, U.S. President-elect Joe Biden's nominee for Treasury Secretary, urged lawmakers on Tuesday to "act big" on the next coronavirus relief package, adding that the benefits outweigh the costs of a higher debt burden.
- **Wholesale sales rose in November, manufacturing sales down**
  Statistics Canada says wholesale sales rose 0.7 per cent to an all-time high of $67.4 billion as five of seven subsectors reported stronger sales. The gains were led by the machinery, equipment and supplies subsector and the building material and supplies subsector. Wholesale trade in volume terms rose 0.9 per cent in November. Meanwhile, Statistics Canada says manufacturing sales fell 0.6 per cent to $53.7 billion in November.

Wednesday January 20th, 2021

- **Trump leaves Washington, Biden to assume presidency**
  Republican President Donald Trump left the White House on Wednesday after a tumultuous four years in office, hours before Democrat Joe Biden assumes the helm of a country beset by deep political divides and battered by a raging coronavirus pandemic.
- **U.S. homebuilders confidence slips in January**
  The NAHB/Wells Fargo Housing Market index slipped to a reading of 83 this month from 86. Economists had expected the index would be unchanged at 86.
- **Bank of Canada holds rates amid optimism for vaccine rebound**
  In a decision Wednesday from Ottawa, policy makers led by Governor Tiff Macklem held the bank's overnight rate at 0.25 per cent and reiterated a pledge not to raise borrowing costs before damage from the pandemic is fully repaired, something the central bank doesn't expect will happen until 2023.
- **Canadian inflation slowed to 0.7% in December; core falls**
  Annual inflation decelerated to 0.7 per cent, from 1 per cent in November. Economists had expected 1 per cent, according to the median estimate. Core inflation, a better measure of underlying pressure, dropped to 1.57 per cent, down 10 basis points from the prior month.

Thursday January 21st, 2021

- **U.S. labor market gradually healing; housing, manufacturing power ahead**
  Initial claims for state unemployment fell 26,000 to a seasonally adjusted 900,000 for the week ended Jan. 16. Economists had forecast 910,000 applications in the latest week. Unadjusted claims dropped 151,303 to 960,668 last week. Housing starts jumped 5.8% to a seasonally adjusted annual rate of 1.669 million units in December, the highest level since September 2006. Building permits for future homebuilding, which typically lead starts by one to two months, accelerated 4.5% to a rate of 1.709 million units in December, the highest since August 2006. The Philadelphia Federal Reserve showed its business conditions index soared to a reading of 26.5 this month from 9.1 in December.
- **2.4M Canadian jobs at risk as COVID swarms small business: CFIB**
  The Canadian Federation of Independent Business said one in six or about 181,000 Canadian small business owners are now seriously contemplating shutting down. The latest figures, based on a survey of its members done between Jan. 12 and 16, come on top of 58,000 businesses that became inactive in 2020.

Friday January 22nd, 2021

- **U.S. factory activity races to more than 13-1/2-year high in early January: IHS Markit**
  Data firm IHS Markit said its flash U.S. manufacturing PMI accelerated to a reading of 59.1 in the first half of this month, the highest since May 2007, from 57.1 in December. Economists had forecast the index slipping to 56.5 in early January. Its flash services sector PMI increased to 57.5 from 54.8 in December
- **Retail sales rise 1.3% in November as online shopping surges**
  Canada retail sales climbed 1.3 per cent to $55.2 billion in November, rising for the seventh straight month as Black Friday boosted online shopping. But the agency's unofficial early estimate suggests that retailers saw sales fall 2.6 per cent in December, at the height of the holiday shopping season.

Click on title to view the full story.

IN THE NEWS

International News

Monday January 18th, 2021

- **China's economy picks up speed in fourth quarter**
  Gross domestic product grew 2.3% in 2020, official data showed, making China the only major economy in the world to avoid a contraction last year as many nations struggled to contain the COVID-19 pandemic. And China is expected to continue to power ahead of its peers this year, with GDP set to expand at the fastest pace in a decade at 8.4%.
- **China industrial output rises 7.3% year-on-year in December; retail sales miss forecast**
  China's industrial output rose at a faster-than-expected rate of 7.3% in December from a year ago, expanding for the ninth straight month. Analysts had expected annual industrial output growth to have eased to 6.9% in December from 7.0% in November. China's retail sales edged up 4.6% last month from a year earlier, missing analysts' forecast for 5.5% growth, in contrast to 5.0% growth in November. Fixed asset investment increased 2.9% in 2020 on year, compared with a forecast 3.2% increase and a 2.5% growth in the first 11 months of the year.

Tuesday January 19th, 2021

- **IEA cuts oil demand forecast as new lockdowns temper recovery**
  The IEA cut its consumption estimate for this quarter by 600,000 barrels a day, projecting a slight decline from the end of last year. For 2021 as a whole, the Paris-based IEA trimmed its demand forecast by 300,000 barrels a day. Global fuel consumption will increase by 5.5 million barrels a day this year, following an unprecedented collapse of 8.8 million a day in 2020.
- **China to support economic recovery, avoid 'policy cliff' - state planner official**
  China will provide necessary policy support for the economic recovery this year, to avoid a "policy cliff", as small firms remain hard-pressed amid the pandemic, a senior official at the state planner said.
- **Hong Kong fourth quarter 2020 unemployment at 16-year high**
  Hong Kong's seasonally adjusted unemployment rose to a 16-year high of 6.6% in October-December 2020, as a new wave of coronavirus infections slammed the brakes on a wide range of economic activities. The figure compared with 6.3% in the September-November period and was the highest since the last quarter of 2004 when unemployment hit 6.6%.

Wednesday January 20th, 2021

- **China's capital steps up COVID-19 measures as outbreak persists**
  China's capital Beijing said it will investigate all individuals who entered the city from abroad from Dec. 10 and it shut down a subway station after reporting the biggest daily jump in new COVID-19 cases in more than three weeks.
- **China's short-term money rates surge despite huge PBOC cash injection**
  The People's Bank of China (PBOC) injected 280 billion yuan (US$43.28 billion) worth of seven-day reverse repos, and attributed the move to "counter factors including tax payments" while "keeping banking system liquidity reasonably ample".

Thursday January 21st, 2021

- **ECB keeps stimulus steady as economy grapples with longer curbs**
  President Christine Lagarde and her colleagues held the pandemic bond-buying program at 1.85 trillion euros (US$2.25 trillion), after a 500 billion-euro boost last month, and reiterated that it will run until at least March 2022. They left the deposit rate at -0.5 per cent, and said they'll continue providing "ample" liquidity through long-term bank loans.
- **South Africa Holds Key Rate and Signals Hiking May Start Sooner**
  South Africa's central bank held its benchmark interest rate for a third straight meeting as it revised its inflation forecasts higher and signaled that tightening may start sooner than previously indicated. The Monetary Policy Committee kept the repurchase rate at 3.5%.
- **Australia Unemployment Falls to 6.6% as Recovery Strengthens**
  The jobless rate declined to 6.6% from 6.8% in November, beating economists' median estimate of 6.7%, data from the statistics bureau showed Thursday in Sydney. Employment advanced by 50,000 in December, matching estimates, as did the participation rate at 66.2%.
- **Indonesia Holds Key Rate on Tame Inflation, Gradual Recovery**
  Indonesia's central bank left its key interest rate unchanged at a record low, projecting optimism that the economy is recovering and inflation will remain tame even with new restrictions in place to fight a surge in Covid-19 infections. Bank Indonesia held the seven-day reverse repurchase rate at 3.75%.

Friday January 22nd, 2021

- **Euro zone business activity shrinks in January as lockdowns hit services**
  IHS Markit's flash composite purchasing managers' index (PMI) for the euro zone fell further below the 50 mark separating growth from contraction to 47.5 in January from December's 49.1. A Reuters poll had predicted a fall to 47.6.
- **Economists cut euro zone growth forecast for 2021: ECB survey**
  Economists polled in the ECB's quarterly Survey of Professional Forecasters put real GDP growth in the euro zone at 4.4% this year, down from 5.3% in the previous edition of the survey.
- **Shanghai Stock Exchange moves to cool down trading of listed funds**
  The Shanghai Stock Exchange (SSE) halted trading in several listed funds on Friday, in an apparent effort to pour cold water on a retail buying frenzy.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
BlackBerry Ltd	$17.86	$5.38	43.11%
Ballard Power Systems Inc	$47.11	$7.87	20.06%
First Majestic Silver Corp	$17.80	$2.73	18.12%
Richelieu Hardware Ltd	$38.55	$4.00	11.58%
Aurinia Pharmaceuticals Inc	$18.87	$1.95	11.52%
Brookfield Renewable Partners LP	$62.70	$5.33	9.29%
Kinaxis Inc	$181.61	$14.54	8.70%
Norbord Inc	$54.93	$4.06	7.98%
Lundin Mining Corp	$12.32	$0.87	7.60%
Interfor Corp	$24.04	$1.66	7.42%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
ARC Resources Ltd	$6.48	-$0.86	-11.72%
Aurora Cannabis Inc	$13.54	-$1.76	-11.50%
Trillium Therapeutics Inc	$16.43	-$2.10	-11.33%
Methanex Corp	$46.33	-$5.83	-11.18%
CAE Inc	$29.92	-$3.08	-9.33%
Enerplus Corp	$4.26	-$0.38	-8.19%
Fairfax Financial Holdings Ltd	$451.53	-$36.31	-7.44%
Tourmaline Oil Corp	$19.60	-$1.45	-6.89%
Mullen Group Ltd	$10.77	-$0.63	-5.53%
Fortuna Silver Mines Inc	$9.10	-$0.53	-5.50%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Ford Motor Co	$11.52	$1.69	17.19%
Pultegroup Inc	$48.89	$6.19	14.50%
Netflix Inc	$565.17	$67.19	13.49%
Paccar Inc	$98.85	$10.69	12.13%
D.R. Horton Inc	$77.71	$8.35	12.04%
NVR Inc	$4,485.91	$475.96	11.87%
Carmax Inc	$118.64	$12.20	11.46%
Enphase Energy Inc	$212.07	$21.48	11.27%
Borgwarner Inc	$42.80	$4.20	10.88%
General Motors Co	$55.40	$5.43	10.87%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Nov Inc	$13.41	-$1.34	-9.08%
Devon Energy Corp	$17.80	-$1.77	-9.04%
Bank of New York Mellon Corp	$41.93	-$3.64	-7.99%
International Business Machines Corp	$118.61	-$9.78	-7.62%
EOG Resources Inc	$54.86	-$4.33	-7.32%
DISH Network Corp	$30.72	-$2.40	-7.25%
Halliburton Co	$19.24	-$1.50	-7.23%
PPG Industries Inc	$137.82	-$10.22	-6.90%
Cincinnati Financial Corp	$87.32	-$6.38	-6.81%
Capital One Financial Corp	$105.34	-$7.19	-6.39%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Algonquin Power & Utilities Corp.	AQN	Outperform	Outperform	**US$19.00**	**US$16.50**
Alimentation Couche-Tard Inc.	ATD.B	Outperform	Outperform	**C$49.00**	**C$55.00**
Allied Properties REIT	AP.un	Outperform	Outperform	**C$44.50**	**C$48.00**
American Hotel Income Properties REIT LP	HOT.un	Sector Perform	Sector Perform	**C$3.50**	**C$3.00**
Argonaut Gold Inc.	AR	**UnderReview**	**Outperform**	**UnderReview**	**C$4.00**
Artis REIT	AX.un	Sector Perform	Sector Perform	**C$11.50**	**C$10.00**
Atlantic Power Corporation	ATP	**Tender**	**Outperform**	**US$3.03**	**US$2.60**
Automotive Properties Real Estate Investment T	APR.un	Outperform	Outperform	**C$12.00**	**C$11.50**
B2Gold Corp.	BTO	Outperform	Outperform	**C$11.00**	**C$12.00**
Barsele Minerals Corp.	BME	**UnderReview**	**Sector Perform**	**UnderReview**	**C$0.70**
Birchcliff Energy Ltd.	BIR	Outperform	Outperform	**C$3.50**	**C$3.00**
Bluestone Resources Inc.	BSR	**UnderReview**	**Outperform**	**UnderReview**	**C$3.50**
Boralex Inc.	BLX	**Sector Perform**	**Outperform**	**C$54.00**	**C$50.00**
BSR REIT	HOM.U	Outperform	Outperform	**US$13.00**	**US$12.50**
BTB REIT	BTB.un	Sector Perform	Sector Perform	**C$3.75**	**C$3.50**
Canadian Tire Corporation, Limited	CTC.A	Outperform	Outperform	**C$190.00**	**C$168.00**
CanWel Building Materials Group	CWX	Outperform	Outperform	**C$8.50**	**C$7.50**
Cogeco Communications Inc.	CCA	Outperform	Outperform	**C$126.00**	**C$120.00**
CT REIT	CRT.un	Outperform	Outperform	**C$18.00**	**C$17.00**
Docebo Inc.	DCBO	**Restricted**		**Restricted**	
Dream Industrial REIT	DIR.UN	**Restricted**		**Restricted**	**C$13.50**
Exchange Income Corporation	EIF	Outperform	Outperform	**C$42.00**	**C$40.00**
Extendicare Inc.	EXE	Sector Perform	Sector Perform	**C$6.50**	**C$7.00**
Falco Resources Ltd.	FPC	**UnderReview**	**Sector Perform**	**UnderReview**	**C$0.55**
Fortuna Silver Mines Inc.	FVI	Sector Perform	Sector Perform	**C$13.00**	**C$14.00**
Gildan Activewear Inc.	GIL	Outperform	Outperform	**C$39.00**	**C$33.00**
Great-West Lifeco Inc.	GWO	Sector Perform	Sector Perform	**C$32.00**	**C$30.00**
iA Financial Corporation Inc.	IAG	Outperform	Outperform	**C$66.00**	**C$60.00**
Inovalis REIT	INO.UN	Sector Perform	Sector Perform	**C$10.00**	**C$9.50**
Integra Resources Corp.	ITR	**UnderReview**	**Outperform**	**UnderReview**	**C$7.00**
InterRent REIT	IIP.un	Outperform	Outperform	**C$15.50**	**C$15.00**
Invesque Inc.	IVQ.u	Sector Perform	Sector Perform	**US$2.00**	**US$2.25**
K-Bro Linen Inc.	KBL	**Sector Perform**	**Outperform**	**C$40.00**	**C$35.00**
Liberty Gold Corp.	LGD	**UnderReview**	**Outperform**	**UnderReview**	**C$2.80**
Lithium Americas Corp.	LAC	**Restricted**		**Restricted**	
Lundin Gold Inc.	LUG	**UnderReview**	**Outperform**	**UnderReview**	**C$16.00**
Manulife Financial Corporation	MFC	Sector Perform	Sector Perform	**C$25.00**	**C$22.00**
Metro Inc.	MRU	Sector Perform	Sector Perform	**C$64.00**	**C$65.00**
Minera Alamos Inc.	MAI	**UnderReview**	**Outperform**	**UnderReview**	**C$1.00**
MTY Food Group Inc.	MTY	Sector Perform	Sector Perform	**C$56.00**	**C$49.00**
NorthWest Healthcare Properties REIT	NWH.un	Sector Perform	Sector Perform	**C$13.50**	**C$13.00**
O3 Mining Inc.	OIII	**Restricted**		**Restricted**	**C$4.75**
Osisko Mining Inc.	OSK	**Restricted**		**Restricted**	
Pan American Silver Corp.	PAAS	Sector Perform	Sector Perform	**C$56.00**	**C$60.00**
Pretium Resources Inc.	PVG	Sector Perform	Sector Perform	**C$17.00**	**C$19.00**
Pure Gold Mining Inc.	PGM	**UnderReview**	**Sector Perform**	**UnderReview**	**C$2.50**
Richelieu Hardware Ltd.	RCH	Sector Perform	Sector Perform	**C$36.50**	**C$32.50**
Sabina Gold & Silver Corp.	SBB	**UnderReview**	**Outperform**	**UnderReview**	**C$3.50**

The Week at a Glance

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Slate Office REIT	SOT.UN	Sector Perform	Sector Perform	**C$4.25**	**C$4.00**
SmartCentres REIT	SRU.un	Sector Perform	Sector Perform	**C$25.00**	**C$26.00**
Stingray Group Inc.	RAY.A	Outperform	Outperform	**C$9.00**	**C$7.50**
Sun Life Financial	SLF	**Outperform**	**Sector Perform**	**C$67.00**	**C$59.00**
Theratechnologies Inc.	TH	**Sector Perform**	**Restricted**	**C$3.75**	**Restricted**
Titan Mining Corporation	TI		**Sector Perform**		**C$0.90**
Vermilion Energy Inc.	VET	Sector Perform	Sector Perform	**C$6.50**	**C$7.00**
Wesdome Gold Mines Ltd.	WDO	Outperform	Outperform	**C$16.00**	**C$17.50**
WPT Industrial REIT	WIR.U	Outperform	Outperform	**US$17.50**	**US$15.50**

STRATEGIC LIST - WEEKLY UPDATE

(January 18th – January 22nd)

No Changes this Week

Comments:

Consumer Staples (Market Weight)

Alimentation Couche-Tard Inc. (ATD.b)

NBF: On Jan. 16, 2021, ATD and Carrefour jointly announced the discontinuation of preliminary discussions regarding a potential transaction. Ensuing, ATD and Carrefour decided to extend their discussions for operational partnership. Areas of cooperation include: sharing best practices on fuel, pooling purchasing, partnering on private labels, improving the customer experience through innovation, and evaluating ways of optimizing product distribution in the overlapping networks. Management did not quantify benefits as the discussions are still in the preliminary phases. Regarding the unsuccessful attempt to acquire Carrefour, management reiterated its strong long-term track record and indicated that it doesn't do deals simply to meet growth objectives; it continues to evaluate many acquisition files and indicated that there are 2 sectors of interest (ex. c-stores); details were not provided, but one is obviously grocery. If investors have the latitude to see through near-term turbulence, NBF believes that the current share price will prove to be attractive one year out. ATD trades at a five-year low valuation of 14.2x NTM EPS; the 5-year average is 17.9x. NBF maintained its "Outperform" but the price target is reduced to $49.00 from $55.00.

Energy (Market Weight)

Tourmaline Oil Corp. (TOU)

NBF: TOU announced its inaugural investment grade debt issuance, including the offering of $250 mln 2.1% coupon 2028 maturity notes (BBB rates by DBRS Limited). This issuance serves as its initial stride to diversify its capital structure, complementing the liquidity and maturity of its balance sheet from what has principally been credit facility-based borrowing to date. For context, NBF forecasts the company to see total debt managed towards $1.2 bln through 2021e (at strip), or 0.6x D/CF, against a $3.0 bln credit facility (prior to the noted issuance). Importantly, this is another validation of its ample access to low costs of capital, which in association with its symbiotic relationship and access to TPZ's cost of capital, should continue to augment and accelerate its strategy; that being, to continue expanding its market share and margins (organically or otherwise) as Canada's largest gas producer to maximize shareholder value. Its initial investment grade debt issuance serves as a significant validation of the quality of the enterprise and should cement its stance in the domestic energy landscape; TOU is poised for a 10% return profile (vs. peers 2%) on leverage of 0.8x (vs. peers 2.0x), while trading at 4.2x 2021e EV/DACF(vs. peers 4.3x). NBF maintained its Outperform rating and $30.00 target price which is based on a 2022e EV/DACF multiple of 5.0x (unchanged).

Financials (Overweight)

Canadian Banks

NBF: The four largest U.S. banks released ~$5 bln of allowances for loan losses during Q4/20. The trend has continued, for the most part, with the U.S. regionals that have reported earnings over the past week. NBF believes these credit results will drive expectations of a similar outcome for Canadian banks, notwithstanding economic lockdown activity across several provinces. Although it does not have reserve releases reflected in its forecasts, NBF believes it is worthwhile to consider the source of such releases. That is, two-thirds of provision reversals reported by the largest U.S. banks were driven by wholesale portfolios, followed by mortgages, cards and personal loans. Factors to explain wholesale provision releases included improved financial positions of borrowers (outside of the most COVID-impact sectors) and borrowers' access to Capital Markets. Meanwhile, U.S. banks were more reluctant to release credit card provisions as a result of the uncertain near-term economic outlook (e.g., unemployment levels). NBF notes that the Wholesale category was also the biggest proportional driver of allowance increases prior to Q4/20, which helps inform its expectations for Canadian banks. If the Wholesale category will drive reserve releases, then RY could be best positioned. Similar to the U.S. banks, the Wholesale category was the biggest driver of Performing Allowance additions in fiscal 2020 for Canadian banks. This category represented 49% of total additions to Performing Allowances since Q1/20, more than twice the next biggest category. If we consider other factors, such as the total increase to the ACL ratio over the past year and the percentage of wholesale performing allowances driven by the Capital Markets segment (i.e., where borrowers are more likely to have access to nonbank capital/liquidity sources), then NBF believes RY could be best positioned to deliver larger and/or earlier wholesale-related performing allowance releases. The bank had the largest Wholesale performing ACL ratio increase (i.e., 75 bps vs. 44 bps group average) and ~48% of its Wholesale performing provisions since Q1/20 were recorded in the Capital Markets segment (second after NA, at ~58%).

Sun Life Financial Inc (SLF)

NBF: Ahead of the quarter for Lifecos, NBF increased its EPS for Q4/20 to reflect strong equity market performance, which drives AUM & associated fees. It also introduced its 2022E, which is derived using the following key assumptions: Expected Profits in-force (EPIF): NBF expects 10% growth in expected profits for 2022E. Earnings on Surplus (EoS): NBF expects earnings on surplus to grind lower in 2022E, as long bond yields continue to remain below historical averages, resulting in a modest EoS decline of 3% Y/Y. Core EPS: NBF forecasts 9% core EPS growth for the sector as the benefits from robust expected profit growth more than offset lower EoS and experience is anticipated to be largely neutral as COVID related items dissipate. ROE: NBF expects ROEs to show a modest improvement despite excess capital levels, increasing ~30 bps to 12.8% in 2022E on the back of 9% core EPS growth. NBF raised its rating to Outperform and increased SLF price target to $67 from $59 as it is rolling out its valuation horizon by one year to 2022E. NBF price target is derived by applying a 1.4x P/B multiple and a 10.5x P/E multiple to 2022E. NBF target P/E is increasing from 10.0x as it believes SLF's strong defensive characteristics, combined with economists' estimates for higher long-term interest rates, provide a favourable environment for multiple expansion.

Industrials (Market Weight)

Morneau Shepell Inc. (MSI)

NBF: NBF caught up with management for a very quick discussion of MSI’s internet-based Cognitive Behavioural Therapy (or iCBT for short) business. NBF thinks there is a potential 14% upside not baked into the stock today. iCBT is a therapy technique that can help people find new ways to behave by changing negative relationships between thought patterns, emotional responses and behaviours. MSI’s internet-based programs (the ‘i’ in iCBT) can help people reduce stress, cope with complicated relationships, deal with grief, manage anxiety, treat PTSD/OCD, eating disorders and a several other mental health issues. MSI launched iCBT in 2019, growing run-rate revenues to ~$10 million. This is the first time management has framed iCBT’s revenue contribution. It’s about 1% of MSI’s roughly $1 billion annual revenues. MindBeacon (MBCN: TSX, Not Rated), an iCBT provider in Canada, IPO’d on December 23rd with a valuation of $200 million that has since risen to ~$300 million. MBCN is reporting about $10 million run-rate revenues, the same as MSI. MBCN and MSI share the Province of Ontario as a client. Therefore, with a similar revenue profile and client base, MSI’s iCBT could be worth an equal ~$300 million. This translates to ~14% of MSI’s current market cap. While it's hard to know how much of iCBT is priced-in to the shares today, NBF is confident saying that investors are likely not thinking about iCBT’s valuation at this magnitude. One way to look at it, MSI shares are up ~4-5% since early December (just prior to MBCN’s IPO), so potentially another 10% could get priced in rapidly. For context, you can see the step-function increase in goeasy (GSY: TSX, Outperform, $93 target) shares following its disclosure of Affirm Holdings (AFRM: NASDAQ) (GSY up ~8% on Jan 15th). NBF $36 price target implies a target valuation multiple of ~13x EV/EBITDA. NBF reiterated its Outperform rating on MSI.

Materials (Market Weight)

SSR Mining Inc. (SSRM)

NBF: SSR Mining provided its fourth-quarter 2020 production results, as well as 2021 guidance. SSR’s consolidated 4Q20 production, on a 100% basis, was 220 kGEO, ahead of NBF forecast of 210 kGEO for the quarter. For the full year, production was 711 kGEO (presented on a 100% basis and includes Çöpler production prior to acquisition), in line with guidance of 680 - 760 kGEO. The quarterly production beat to NBF estimates was driven by Marigold, which saw 77 koz of gold production, above NBF at 71 koz and a 57% Q/Q increase, a benefit of higher grade ounces stacked in 3Q20 relative to 1H20. Silver production from Puna was also ahead of NBF estimates, producing 2.2 Moz during the quarter, well above NBF at 1.6 Moz. Production guidance for 2021 is pegged at 720 - 800 kGEO (100% basis), while NBF estimate comes in near the upper end at 781 kGEO. NBF’s 2021 cash costs estimate of US$671/GEO falls within the range of US$660 - 715/GEO. NBF is near the midpoint of AISC (WGC) guidance of US$1,050 - 1,110/GEO (NBFe = US$1,073/GEO). NBF may be proven to be a bit light on silver production with the midpoint of guidance 5% above NBF’s current estimate of 6.2 Moz. Capital spending is well aligned with NBF expectations as well. NBF estimates SSR Mining could generate nearly US$450 million in after-tax FCF (after dividends) in 2021 (~60% weighted to 2H21), which equates to an FCF yield of 12.0%. Sustaining capital costs are guided to US$234 mln which is in line with our US$242 mln estimate. Growth capital expenses are US$33 mln, the majority of which will be used for construction and the flotation circuit and heap leach pads at Çöpler.

NBF's growth capital estimate is aligned with guidance at US$30 mln. NBF maintained its Outperform rating and $41.00 target price on SSR Mining.

Real Estate (Underweight)

Canadian Apartment Properties REIT (CAR.UN)

NBF: Multi-family 2021 Outlook: Multi-family operating performance will likely weaken in the early months of 2021 on higher vacancy stemming from increased turnover but seasonal weakness in leasing volumes (combined with further pandemic restrictions). The outlook likely improves into Q3/21 assuming students return to on-campus learning and immigration backlogs begin to be addressed. Trading performance has been focused on short-term pressures after a significant post vaccine bump. Government initiatives with regards to rent freezes and eviction moratoriums will curtail rent growth in early 2021 but NBF expects this to normalize in 2022. NBF is comfortable holding exposure through the weaker expected performance in H1/21 but expects more torque, trading wise, in the second half of the year. NBF's long-term bullishness on its multi family coverage universe remains intact as its expects the key demand drivers to resume and supply of affordable housing has been anemic for decades. Immigration has been a key factor in the success of multi-family performance in recent years, with the pandemic taking a bite out of 2020 figures but expectations improving as the federal government recently reiterated plans to increase immigration levels with a target of 400,000 for 2021-2023. The likely resumption of large scale immigration inflows later in 2021, in a post vaccine world, will provide significant tailwinds for the sector. In addition, NBF expects the rock bottom interest rates currently available for CMHC insured mortgages to provide FFO/unit tailwinds on refinancings of between 1-3%.

CAP REIT is NBF's top pick for investors looking for exposure to Canada's largest apartment markets given its diverse footprint. Operations have been remarkably stable with occupancy holding in the high 90% range, bad debt <1% and rents still increasing on turnover – when demand drivers start to return the REIT is best positioned to move back towards higher MTM increases given its position of strength and larger unit sizes / suburban asset concentrations. CAP also has the balance sheet capacity to grow, with debt to assets at ~35%. NBF rates CAP Outperform with a $60.00 target price.

RioCan REIT (REI.UN)

NBF: Retail Outlook 2021: NBF expects volatility in the near term as bearish retail headlines battle with vaccination progress over the course of the year. Lockdown activity will likely result in some slippage of collection rates. NBF believes that visibility into tenant health will not improve until midyear, and as a result, continues to favour the retailer-controlled REITs that have lower debt and higher collection rates.

NBF thinks the market is pricing in tough sledding for traditional REITs like REI, FCR and SRU, but it seems a bit much. NBF thinks that pricing in NOI declines near -20% in the near-term verges toward the overly pessimistic, since it implies occupancy falling from the mid/high-90% range to the mid-80% range. It is plausible; however, NBF is not convinced it is probable: losing -1,000 bp or so of occupancy requires some large tenant failures or a whole lot of small ones in short order. Of the major tenants on these REITs rolls, NBF just cannot see that degree of failure risk among their large tenants. It might be possible the risk lies in the undisclosed parts of their rolls, but again, it would have to be a significant amount. Leverage may also be a factor impeding valuations, but it is difficult to quantify. With these three REITs proportionately most involved in development programs, they have potentially bigger capex burdens to carry that will drive up leverage in the interim. If investors believe that these REITs will need more periodic equity or do not believe that running up leverage to develop properties while core Retail NOI is more volatile is wise, they may choose not to bid up the stock, which would drive higher implied cap rates/NOI loss expectations. And while REI and FCR shares have not risen that much post-distribution cut, they have not fallen much either, implying the market was expecting some steps to be taken to improve balance sheet positioning. The shares might still be pricing in more action in that vein, especially when global peers tend to run with lower leverage overall. Another factor to consider that is also difficult to quantify: the arguable lack of near-term catalysts, apart from the vaccine rollout. The recovery is likely going to take some time, and these stocks probably will not fully escape concerns about ecommerce threatening their tenants. The vaccine rollout could certainly act as a catalyst for shares, but even then, there are other classes of real estate that probably benefit from that more meaningfully and more quickly (e.g., Seniors Housing). Also, the public market offers other rate-sensitive asset classes (e.g., renewables) that can offer attractive yields, the potential for higher growth over the long-term, and lower leverage. NBF lowered its F2021 and F2022 FFO/unit and AFFO per unit estimates but maintains its Outperform rating and $20.00 target price on REI.

Utilities (Market Weight)

Renewable Energy Infrastructure

NBF: Renewable energy infrastructure stocks have been strong recently, following news from the U.S. of the extension of tax credits and the securing of two senate seats by the Democrats that could help them to pass ambitious climate action plans. As the U.S. has come back in step with other governments around the world, funds flow into the sector has accelerated. Efforts to decarbonize the global economy are here to stay and investment into renewable energy infrastructure could approach $10 trillion globally over the next decade (enough to go around). In public equity markets, ESG investments reached $40 trn in 2020 and continue to rise. Impact investments are but a piece of this, but there are only a few stocks that meet the requirements of some investors, creating some scarcity value for the sector. With 2020 in the books, a 5-year performance review shows a total return CAGR of 20% to 40% across the renewable power infrastructure sector. Stocks that have relied more on internally generated equity have outperformed, but all growth has been rewarded because of a falling cost of equity. Looking ahead, without the tailwind of falling yields, returns may not reach the levels we have seen over the last few years, though NBF believes there is still potential to drive double-digit value creation. The stocks with sponsor relationships (RNW, BEP) will have to work extra hard, with some value creation shared with sponsors. Valuations should also be supported by potential for strategic investments and M&A.

Innergex Renewable Energy Inc. (INE)

NBF: INE is one of NBF's top picks in the sector. With respect to growth, INE's near term construction activities could bear fruit soon with the 200 MW Hillcrest solar project (on track for commissioning during Q1'20E), the 8 MW Innavik run-of-river hydro project in northern Quebec and 7 MW Yonne II wind project expected to reach COD in 2021E. The Griffin Trail wind project in Texas recently achieved financial close and could also reach COD in 2021E. On the development front, both the Barbers Point and Kahana solar and battery storage projects in Hawaii have signed PPAs, while the selection process for the EP&C agreement is underway for both Paeahu and Hale Kuawehi solar and battery storage projects. In France, a battery provider has been selected for the Tonnerre standalone battery storage project and negotiations are underway. On the M&A front, recall that INE recently completed the Mountain Air acquisition of a portfolio of six operating wind farms in Elmore County for a purchase price of ~$77 mln. NBF's INE growth assessment assumes the company can invest its free cash after dividends into a development growth pipeline at relatively modest 6% to 8% IRRs, to earn a NPV of $3/sh. NBF maintained its Outperform rating and $32.00 target price.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**4.9**	**Market Weight**
Quebecor Inc.	QBRb.TO	29-Nov-18	$ 28.70	$ 30.53	2.6	0.5		
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 61.51	3.3	0.5		
Consumer Discretionary							**3.9**	**Market Weight**
Canadian Tire Corp.	CTCa.TO	04-Oct-18	$ 151.25	$ 170.88	2.7	1.3		
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 51.57	0.4	0.6		
Consumer Staples							**3.7**	**Market Weight**
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	$ 30.09	$ 37.95	0.9	0.7		
Empire Company Ltd.	EMPa.TO	01-Mar-18	$ 23.15	$ 36.05	1.4	0.3		
Energy							**11.6**	**Market Weight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 7.47	0.0	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 44.16	7.5	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 19.60	2.8	1.3		
Financials							**29.8**	**Overweight**
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 12.30	2.1	1.3		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 451.53	2.7	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 145.24	2.3	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 107.36	4.0	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	$ 57.07	$ 60.73	3.6	1.4		
Toronto Dominion Bank	TD.TO	31-Jul-12	$ 39.46	$ 73.58	4.2	0.8		
Health Care							**1.3**	**Market Weight**
Industrials							**12.6**	**Market Weight**
Morneau Shepell Inc.	MSI.TO	26-Sep-19	$ 32.72	$ 31.03	2.5	0.7		
Toromont Industries Ltd	TIH.TO	05-Dec-19	$ 67.24	$ 88.81	1.6	0.7		
WSP Global Inc.	WSP.TO	10-Sep-20	$ 88.54	$ 118.17	1.3	1.0		
Information Technology							**10.3**	**Underweight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 181.61	0.0	0.8		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 59.59	1.7	0.8		
Materials							**13.7**	**Market Weight**
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	$ 27.00	$ 89.94	2.1	0.5		
SSR Mining Inc.	SSRM.TO	30-Jan-20	$ 23.81	$ 22.25	0.0	0.6		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 26.07	0.8	1.1		
REITs							**3.1**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 51.26	2.7	0.7		
RioCan REIT	REI_u.TO	23-Aug-18	$ 19.95	$ 17.55	5.5	1.2		
Utilities							**5.1**	**Market Weight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 37.17	5.6	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 31.38	2.3	0.8		

Source: Refinitiv (Priced January 22, 2021 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

(January 25th – January 29th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
25-Jan	08:30	National Activity Index	Dec	0.27		Index
26-Jan	09:00	**CaseShiller 20 MM SA**	Nov	1.6%		Percent
26-Jan	09:00	CaseShiller 20 YY	Nov	7.9%		Percent
26-Jan	10:00	Consumer Confidence	Jan	88.6	89.0	Index
27-Jan	07:00	MBA Mortgage Applications	18 Jan, w/e	-1.9%		Percent
27-Jan	08:30	**Durable Goods**	Dec	1.0%	0.9%	Percent
27-Jan	08:30	Durables Ex-Transport	Dec	0.4%	0.5%	Percent
27-Jan	10:30	EIA Wkly Crude Stk	18 Jan, w/e			Barrel
27-Jan	14:00	**Fed Funds Tgt Rate**	27 Jan	0-0.25		Percent
27-Jan	14:00	Fed Int On Excess Reserves	27 Jan	0.10%		Percent
28-Jan	08:30	**GDP Advance**	Q4	33.4%	4.4%	Percent
28-Jan	08:30	**Core PCE Prices Advance**	Q4	3.4%		Percent
28-Jan	08:30	PCE Prices Advance	Q4	3.7%		Percent
28-Jan	08:30	**Adv Goods Trade Balance**	Dec	-85.49B		USD
28-Jan	08:30	Wholesale Inventories Adv	Dec	0.0%		Percent
28-Jan	08:30	**Initial Jobless Clm**	18 Jan, w/e	900k		Person
28-Jan	08:30	Jobless Clm 4Wk Avg	18 Jan, w/e	848.00k		Person
28-Jan	08:30	Cont Jobless Clm	11 Jan, w/e	5.054M		Person
28-Jan	10:00	**Leading Index Chg MM**	Dec	0.6%	0.5%	Percent
28-Jan	10:00	**New Home Sales-Units**	Dec	0.841M	0.877M	Number of
28-Jan	10:00	New Home Sales Chg MM	Dec	-11.0%		Percent
29-Jan	10:30	EIA-Nat Gas Chg Bcf	18 Jan, w/e			Cubic foot
29-Jan	08:30	**Personal Income MM**	Dec	-1.1%	0.0%	Percent
29-Jan	08:30	**Consumption, Adjusted MM**	Dec	-0.4%	-0.5%	Percent
29-Jan	08:30	**Core PCE Price Index MM**	Dec	0.0%	0.2%	Percent
29-Jan	08:30	Core PCE Price Index YY	Dec	1.4%		Percent
29-Jan	08:30	PCE Price Index MM	Dec	0.0%		Percent
29-Jan	08:30	PCE Price Index YY	Dec	1.1%		Percent
29-Jan	08:30	Employment Wages QQ	Q4	0.4%		Percent
29-Jan	08:30	Employment Benefits QQ	Q4	0.6%		Percent
29-Jan	08:30	**Employment Costs**	Q4	0.5%	0.5%	Percent
29-Jan	09:45	**Chicago PMI**	Jan	59.5	58.5	Index
29-Jan	10:00	**U Mich Sentiment Final**	Jan	79.2		Index
29-Jan	10:00	Pending Homes Index	Dec	125.7		Index
29-Jan	10:00	**Pending Sales Change MM**	Dec	-2.6%		Percent

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
28-Jan	08:30	**Building Permits MM.**	Dec	12.9%		Percent
28-Jan	08:30	Average Weekly Earnings YY	Nov	5.86%		Percent
29-Jan	08:30	**GDP MM**	Nov	0.4%		Percent
29-Jan	08:30	**Producer Prices MM**	Dec	-0.6%		Percent
29-Jan	08:30	Producer Prices YY	Dec	0.0%		Percent
29-Jan	08:30	Raw Materials Prices MM	Dec	0.6%		Percent
29-Jan	08:30	Raw Materials Prices YY	Dec	-1.7%		Percent
29-Jan	11:00	Budget Balance, C$	Nov	-18.51B		CAD
29-Jan	11:00	Budget, Year-To-Date, C$	Nov	-216.62B		CAD

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday January 25th, 2021

None

Tuesday January 26th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Canadian National Railway Co	CNR	04:01	1.433
Metro Inc/CN	MRU	Bef-mkt	0.824

Wednesday January 27th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Canadian Pacific Railway Ltd	CP	Aft-mkt	5.041
CGI Inc	GIB/A		1.251
Methanex Corp	MX	Aft-mkt	0.131
Novagold Resources Inc	NG	Aft-mkt	(0.03)

Thursday January 28th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Real Matters Inc	REAL	Bef-mkt	0.145
Rogers Communications Inc	**RCI/B**	**Bef-mkt**	**0.942**

Friday January 29th, 2021

None

Source: Bloomberg, 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 January 25th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Kimberly-Clark Corp	KMB	Bef-mkt	1.597

Tuesday January 26th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
3M Co	MMM	Bef-mkt	2.15
Advanced Micro Devices Inc	AMD	Aft-mkt	0.471
Alaska Air Group Inc	ALK	Bef-mkt	(2.894)
American Express Co	AXP	07:00	1.299
Archer-Daniels-Midland Co	ADM	Bef-mkt	1.077
Boston Properties Inc	BXP	Aft-mkt	1.587
Capital One Financial Corp	COF	16:05	2.94
CH Robinson Worldwide Inc	CHRW	Aft-mkt	0.968
DR Horton Inc	DHI	Bef-mkt	1.702
F5 Networks Inc	FFIV	Aft-mkt	2.442
Freeport-McMoRan Inc	FCX		0.372
General Electric Co	GE		0.093
Invesco Ltd	IVZ	07:00	0.564
Johnson & Johnson	JNJ	Bef-mkt	1.825
Lockheed Martin Corp	LMT	Bef-mkt	6.416
Maxim Integrated Products Inc	MXIM	Aft-mkt	0.677
Microsoft Corp	MSFT	Aft-mkt	1.635
NextEra Energy Inc	NEE	Bef-mkt	0.395
PACCAR Inc	PCAR	Bef-mkt	1.193
Prologis Inc	PLD	Bef-mkt	0.923
Raytheon Technologies Corp	RTX	Bef-mkt	0.686
Rockwell Automation Inc	ROK	Bef-mkt	1.88
Starbucks Corp	SBUX	Aft-mkt	0.556
Texas Instruments Inc	TXN	Aft-mkt	1.332
Varian Medical Systems Inc	VAR	Aft-mkt	1.03
Verizon Communications Inc	VZ	07:00	1.17
W R Berkley Corp	WRB	Aft-mkt	0.784
Xerox Holdings Corp	XRX	06:30	0.628

Wednesday January 27th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Abbott Laboratories	ABT	Bef-mkt	1.353
Ameriprise Financial Inc	AMP	Aft-mkt	4.458
Amphenol Corp	APH	Bef-mkt	1.018
Anthem Inc	ANTM	06:00	2.523
Apple Inc	AAPL	Aft-mkt	1.407
AT&T Inc	T	07:00	0.716

Automatic Data Processing Inc	ADP	Bef-mkt	1.293
Boeing Co/The	BA	Bef-mkt	(1.674)
Corning Inc	GLW	Bef-mkt	0.484
Crown Castle International Cor	CCI	Aft-mkt	1.572
Duke Realty Corp	DRE	Aft-mkt	0.406
Edwards Lifesciences Corp	EW	Aft-mkt	0.532
Facebook Inc	FB	Aft-mkt	3.206
General Dynamics Corp	GD	Bef-mkt	3.552
Hess Corp	HES	Bef-mkt	(0.554)
Hologic Inc	HOLX	Aft-mkt	2.17
Lam Research Corp	LRCX	Aft-mkt	5.701
Las Vegas Sands Corp	LVS	Aft-mkt	(0.308)
MarketAxess Holdings Inc	MKTX	Bef-mkt	1.821
Nasdaq Inc	NDAQ	07:00	1.456
Norfolk Southern Corp	NSC	Bef-mkt	2.468
Packaging Corp of America	PKG	Aft-mkt	1.468
Progressive Corp/The	PGR	Bef-mkt	1.706
Raymond James Financial Inc	RJF	Aft-mkt	1.724
Rollins Inc	ROL	Bef-mkt	0.112
ServiceNow Inc	NOW	Aft-mkt	1.06
SL Green Realty Corp	SLG	Aft-mkt	1.584
Stryker Corp	SYK	16:05	2.547
Teledyne Technologies Inc	TDY	Bef-mkt	3.17
Teradyne Inc	TER	17:00	0.995
Tesla Inc	TSLA	Aft-mkt	1.006
Textron Inc	TXT	Bef-mkt	0.911
United Rentals Inc	URI	Aft-mkt	4.177
VF Corp	VFC	06:55	0.892
Whirlpool Corp	WHR	16:05	6.159

Thursday January 28th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
A O Smith Corp	AOS	Bef-mkt	0.585
ABIOMED Inc	ABMD	Bef-mkt	1.089
Altria Group Inc	MO	07:00	1.015
American Airlines Group Inc	AAL	Bef-mkt	(4.137)
Arthur J Gallagher & Co	AJG	Aft-mkt	0.789
Celanese Corp	CE	Aft-mkt	1.666
Comcast Corp	CMCSA	Bef-mkt	0.472
Danaher Corp	DHR	Bef-mkt	1.848
Dover Corp	DOV	07:00	1.363
Dow Inc	DOW	Bef-mkt	0.654
Eastman Chemical Co	EMN	16:30	1.495
Juniper Networks Inc	JNPR	Aft-mkt	0.533
Marsh & McLennan Cos Inc	MMC	Bef-mkt	1.127
Mastercard Inc	MA	Bef-mkt	1.533
McCormick & Co Inc/MD	MKC	Bef-mkt	0.888
McDonald's Corp	MCD	Bef-mkt	1.773

Mondelez International Inc	MDLZ	16:05	0.663
MSCI Inc	MSCI	Bef-mkt	1.935
Northrop Grumman Corp	NOC	Bef-mkt	5.773
Nucor Corp	NUE	Bef-mkt	1.168
Principal Financial Group Inc	PFG	16:15	1.427
PulteGroup Inc	PHM	Bef-mkt	1.398
ResMed Inc	RMD	Aft-mkt	1.241
Sherwin-Williams Co/The	SHW	Bef-mkt	4.859
Skyworks Solutions Inc	SWKS	Aft-mkt	2.077
Southwest Airlines Co	LUV		(1.631)
Stanley Black & Decker Inc	SWK	Bef-mkt	2.994
T Rowe Price Group Inc	TROW	Bef-mkt	2.671
Tractor Supply Co	TSCO	Bef-mkt	1.50
Valero Energy Corp	VLO	Bef-mkt	(1.422)
Visa Inc	V	Aft-mkt	1.281
Western Digital Corp	WDC	Aft-mkt	0.54
Westrock Co	WRK	Bef-mkt	0.543
Xcel Energy Inc	XEL	Bef-mkt	0.546

Friday January 29th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Caterpillar Inc	CAT	06:30	1.476
Charter Communications Inc	CHTR	07:00	4.903
Chevron Corp	CVX	Bef-mkt	0.086
Church & Dwight Co Inc	CHD	Bef-mkt	0.523
Colgate-Palmolive Co	CL	Bef-mkt	0.765
Eli Lilly and Co	LLY	Bef-mkt	2.379
Honeywell International Inc	HON	Bef-mkt	1.999
Johnson Controls International	JCI	Bef-mkt	0.403
L3Harris Technologies Inc	LHX	Bef-mkt	3.091
LyondellBasell Industries NV	LYB	Bef-mkt	1.365
Phillips 66	PSX	Bef-mkt	(1.064)
Roper Technologies Inc	ROP	Bef-mkt	3.486
Synchrony Financial	SYF	06:30	0.905
Weyerhaeuser Co	WY	Bef-mkt	0.45

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

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