

April 1<sup>st</sup>, 2021

## THE WEEK IN NUMBERS (March 29<sup>th</sup> – April 1<sup>st</sup>)

### Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	33,153.21	80.33	0.24%	8.32%	58.30%	25.0
S&P 500	4,019.87	45.33	1.14%	7.02%	62.71%	29.7
Nasdaq Composite	13,480.11	341.38	2.60%	4.59%	83.14%	35.0
S&P/TSX Composite	18,990.32	237.74	1.27%	8.93%	47.48%	19.8
Dow Jones Euro Stoxx 50	3,945.96	79.28	2.05%	11.07%	47.22%	25.9
FTSE 100 (UK)	6,737.30	-3.29	-0.05%	4.28%	23.52%	19.0
DAX (Germany)	15,107.17	358.23	2.43%	10.12%	58.28%	23.2
Nikkei 225 (Japan)	29,388.87	212.17	0.73%	7.09%	62.68%	24.8
Hang Seng (Hong Kong)	28,938.74	602.31	2.13%	6.27%	25.35%	14.9
Shanghai Composite (China)	3,466.33	48.00	1.40%	-0.19%	26.76%	13.9
MSCI World	2,841.12	26.26	0.93%	5.62%	59.50%	26.9
MSCI EAFE	2,221.18	3.36	0.15%	3.43%	46.31%	22.0

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	266.06	4.73	1.81%	14.12%	107.84%	32.4
S&P TSX Consumer Staples	666.42	16.17	2.49%	5.32%	16.91%	18.2
S&P TSX Energy	120.48	2.23	1.89%	32.38%	104.62%	N/A
S&P TSX Financials	347.40	-1.51	-0.43%	13.43%	48.57%	13.5
S&P TSX Health Care	82.77	1.41	1.73%	37.61%	79.97%	N/A
S&P TSX Industrials	354.63	9.08	2.63%	7.85%	53.83%	31.6
S&P TSX Info Tech.	188.92	6.88	3.78%	3.60%	79.86%	63.6
S&P TSX Materials	307.01	7.46	2.49%	-4.24%	39.66%	19.7
S&P TSX Real Estate	328.24	-1.66	-0.50%	9.98%	41.79%	16.1
S&P TSX Communication Services	178.80	-1.19	-0.66%	9.20%	14.56%	24.0
S&P TSX Utilities	329.75	3.10	0.95%	3.21%	28.31%	20.1

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2021E
Oil-WTI futures (US\$/Barrels)	\$61.23	2.67	4.56%	26.20%	201.48%	\$59.25
Natural gas futures (US\$/mcf)	\$2.63	0.06	2.30%	3.54%	65.66%	\$3.00
Gold Spot (US\$/OZ)	\$1,728.00	3.10	0.18%	-8.72%	9.49%	\$1,935
Copper futures (US\$/Pound)	\$4.02	0.03	0.75%	14.26%	83.17%	\$3.55

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21e
Cdn\$/US\$	0.7966	0.0038	0.48%	1.46%	13.07%	0.83
Euro/US\$	1.1775	0.0011	0.09%	-3.59%	7.42%	1.22
Pound/US\$	1.3832	0.0100	0.73%	1.16%	11.76%	1.42
US\$/Yen	110.58	1.41	1.29%	7.11%	3.20%	105

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

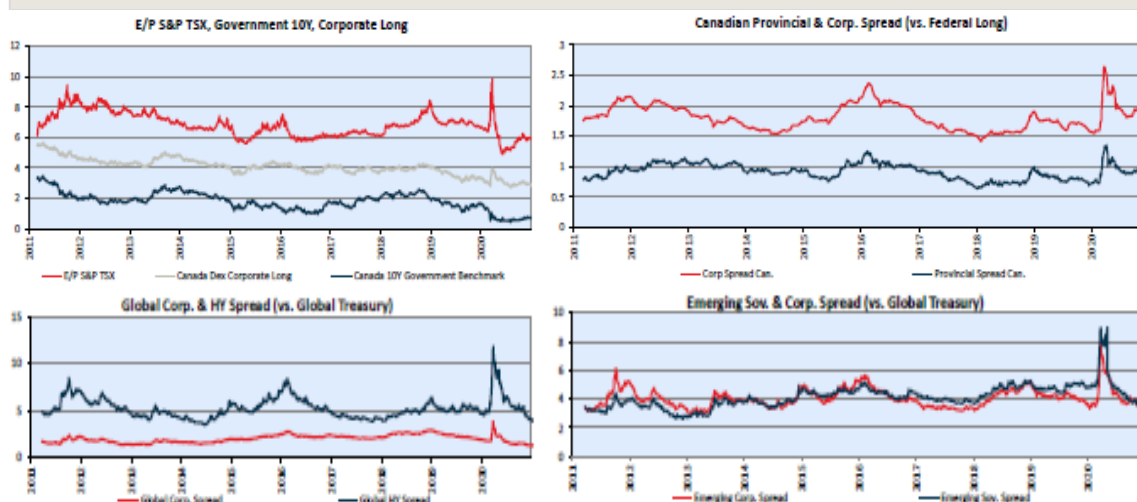
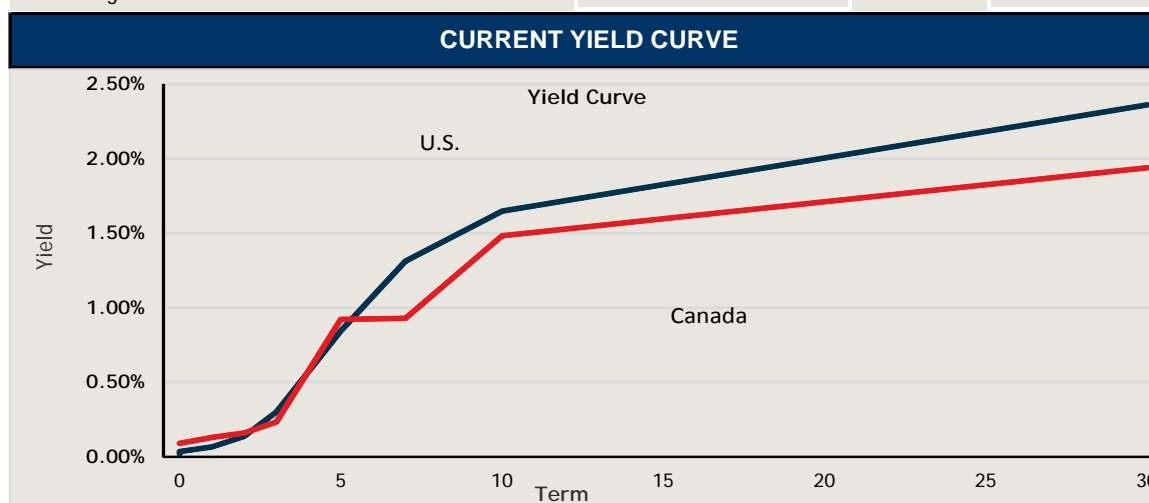
FIXED INCOME  
NUMBERS

THE WEEK IN NUMBERS  
(March 29<sup>th</sup> – April 1<sup>st</sup>)

Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.97%	-8.1
CDA Prime	2.45%	0.0	CDA 10 year	1.51%	-13.4
CDA 3 month T-Bill	0.09%	-1.3	CDA 20 year	1.75%	-15.6
CDA 6 month T-Bill	0.12%	-1.6	CDA 30 year	1.95%	-17.7
CDA 1 Year	0.16%	-1.9	5YR Sovereign CDS	38.29	0.4
CDA 2 year	0.24%	-2.5	10YR Sovereign CDS	39.91	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	0.91%	-7.1
US Prime	3.25%	0.0	US 10 year	1.68%	-14.4
US 3 month T-Bill	0.02%	-0.3	US 30 year	2.34%	-22.2
US 6 month T-Bill	0.04%	-0.6	5YR Sovereign CDS	10.56	-0.5
US 1 Year	0.06%	-0.8	10YR Sovereign CDS	19.36	-0.1
US 2 year	0.16%	-1.2			

CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	-0.33%	-5.04%
FTSE Short Term Bond Index	-0.07%	-0.59%
FTSE Mid Term Bond Index	-0.52%	-4.53%
FTSE Long Term Bond Index	-0.53%	-10.69%



Source: Refinitiv & NBF

## WEEKLY ECONOMIC WATCH

**CANADA - Real GDP** continued to recover in January, expanding 0.7% m/m for a ninth monthly gain in a row. Total output, however, was still down 2.6% from its pre-pandemic level in February 2020. Production rose in 11 of the 20 industrial sectors covered. Goods sector output grew 1.5% on healthy increases for mining/oil and gas extraction (+2.7%), manufacturing (+1.9%), and construction (+1.4%). These gains were only partially offset by declines for utilities (-0.8%) and agriculture/forestry/fishing (-0.4%). Services-producing industries, meanwhile, saw a 0.4% increase in production, with the strongest progressions occurring in wholesale trade (+3.9%), professional/scientific and technical services (+1.1%), and administrative and support, waste management and remediation services (+1.1%). Production in the accommodation and food services segment shrank 3.0% in the month. Canadian GDP registered yet another advance (0.7%) in January and surpassed consensus expectations (0.5%) in the process. The economy continued to recover despite the implementation of additional health measures in several provinces at the end of December and in January. While the monthly figure was solid, the economic recovery remained uneven.

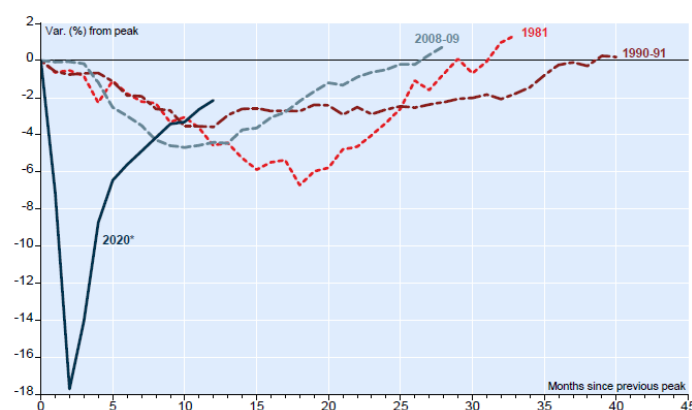
Uneven economic recovery	Change in output from 2020M02	
	2020M04	2021M01
All industries	-17.7	-2.6
Goods-producing industries	-19.5	-1.4
Services-producing industries	-17.1	-3.1

NBF Economics and Strategy (data via Statistics Canada)

Several sectors already exceeded their pre-pandemic peaks— agriculture/forestry/fishing and hunting (+10.7% over February 2020), finance/insurance (+4.8%), wholesale (+4.0%), and real estate (+3.2%) while others continued to lag or worsened still under the effects of rising Covid-19 caseloads in some regions. For instance, output in the arts/entertainment sector was still down 51.8% from its pre-pandemic level while it actually dropped in the month in the accommodation/food services sector, bringing it to 41.8% below its February 2020 level. Encouragingly, the economic rebound likely extended into February; Statistics Canada's advance estimate suggests production expanded another 0.5% in the month. If this is confirmed, then total output in February would still be down 2.1% from its pre-pandemic level (see following chart). Further ahead, with some lockdown measures to control the spread of COVID-19 being eased and vaccines being rolled out steadily, we think growth should remain strong for the remainder of the year, supported by rebounds in the industries most affected by the pandemic.

## Canada: Historical perspective on GDP in recessions

GDP during recessions, monthly data



\*Includes Statistics Canada's flash estimate for February  
NBF Economics and Strategy (data via Statistics Canada)

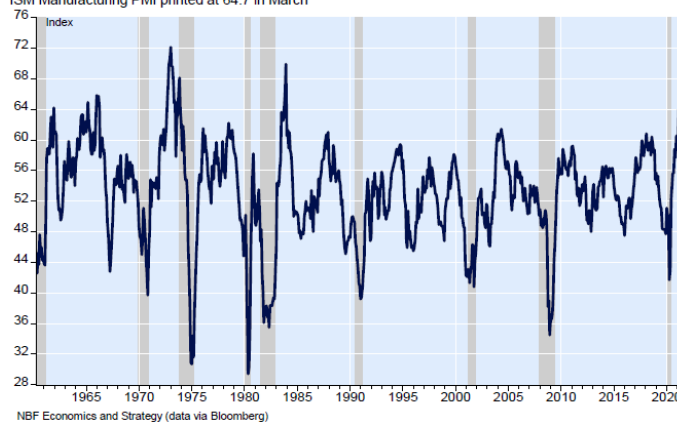
The value of residential **building permits** issued in the country slipped 2.9% in February to C\$6.8 billion on declines in both the single-family category (-1.0% to C\$3.5 billion) and the multi-unit category (-4.9% to C\$3.3 billion). Drops in Ontario (12.0% to C\$2.8 billion) and Alberta (-19.5% to C\$0.7 billion) were only partially offset by progressions in Quebec (+2.9% to C\$1.6 billion) and British Columbia (+37.2% to C\$1.4 billion). Canada-wide, the dollar value of residential permits issued remained 14.4% above its pre-pandemic peak, with most of the gains being tilted towards the single-family segment (+29.5% compared with pre-crisis levels).

**Markit Manufacturing PMI** jumped from 54.8 in February to 58.5 in March, signaling a ninth consecutive improvement in operating conditions for Canadian factories and the most extensive on record. New orders piled up at the joint third fastest pace to date, with respondents noting improved bookings from both domestic and international clients. In an attempt to deal with surging demand, factories ramped production (the output index rose from 52.0 to 57.7, the second highest level in over ten years of data collection) and expanded payrolls but that did not prevent work backlogs from accumulating at a near record clip. “Some manufacturers noted that stretched supply chains and a shortage in the supply of material resulted in the build-up of outstanding work”, the report said. Material shortages and restrictions linked to the pandemic also translated into the greatest lengthening of lead times since April 2020 and the fastest increase in input prices since August 2018. Survey respondents noted higher prices for steel and lumber in particular. Regarding the outlook, the degree of optimism for future production among manufacturers was the strongest since May 2019. Companies based their expectations “on a return to normality following vaccination rollouts”.

**UNITED STATES** - The ISM Manufacturing PMI increased 3.9 percentage points in March to 64.7, its highest reading since December 1983, confirming that the manufacturing sector is expanding strongly. The New Orders Index rose 3.2 percentage points to 68, extending its streak of printing above 60 to nine months. The Production Index climbed 4.9 percentage points to 68.1, which is well above its six-month moving average of 63.7. Employment Index rose from 54.4 in February to 59.6, its strongest reading since February 2018. Again in March, all 18 industry groups surveyed reported paying higher prices for raw materials. Yet, the Price Index edged down 0.4 percentage points to 85.6 in the month. The Supplier Deliveries Index rose 4.6 points to 76.6. According to the Institute for Supply Management, companies and suppliers continue to struggle to meet demand due to availability constraints of parts and materials.

**United States: ISM Manufacturing Index at its highest reading since December 1983**

ISM Manufacturing PMI printed at 64.7 in March



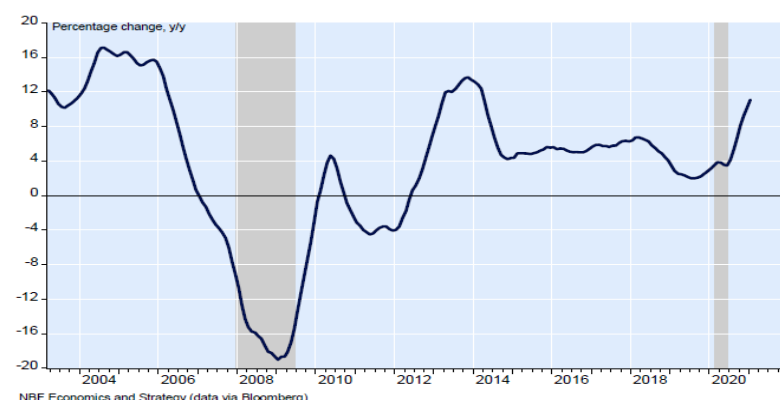
NBF Economics and Strategy (data via Bloomberg)

The **Conference Board Consumer Confidence Index** jumped 19.3 points in March to 109.7. Consumer mood regarding current business and labour market conditions was more upbeat, as evidenced by a gain of more than 20 points for the corresponding index. At 110.0, however, it remained well below its pre-pandemic mark of 169.3 in February 2020. Consumers who deemed jobs “plentiful” increased from 21.6 percent to 26.3 percent, while those who deemed jobs “hard to get” declined from 22.4 percent to 18.5 percent. Optimism towards the next six months, too, was on the rise, as the Expectations Index climbed 18.7 points to 109.6 in the month. This sub-index aggregates the consumer short-term outlook for income, business, and labour market conditions. According to the Conference Board, improved consumer confidence translated into stronger purchasing intentions for homes, autos and several big-ticket items. Under the circumstances, inflation concerns were unsurprisingly on the rise again in March. The corresponding sub-index pegged in at 6.7, compared to its long-term average of 4.8.

According to the **S&P Core Logic Case-Shiller 20-City Home Price Index**, home prices rose a seasonally adjusted 1.20% m/m in January after climbing 1.30% in December. With the exception of Cleveland (-0.6%), all of the cities covered by the index saw higher prices, led by Phoenix (+1.54%). Among the largest cities of the index, prices rose 0.97% in New York, 0.98% in Los Angeles, and 0.45% in Chicago. Year on year, the index was up 11.10% in January, recording its steepest y/y increase since March 2014.

### United States: S&P/Case-Shiller 20-city HPI rose 11.1% in January

Steepest y/y increase for index since March 2014



**Initial jobless claims** increased 61K to 719K in the week ending March 27. The previous week's level was revised down by 26K to 658K. The data reflects the annual revision to the weekly unemployment claims seasonal adjustment. The four-week moving average fell 10.5K to 719K, and by now has been falling for 9 weeks in a row. The advance number for seasonally adjusted insured unemployment (i.e., continued claims) fell 46K to 3,974K in the week ending March 20. At their peak in early May last year, continued claims reached 24.9 million. Data on claims for benefits under all programs, including those introduced since the start of the health crisis (i.e., Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation), are available only after a longer lag. In the week ending March 13, continued claims for UI benefits across all programs fell 1.5 million to 18.2 million.

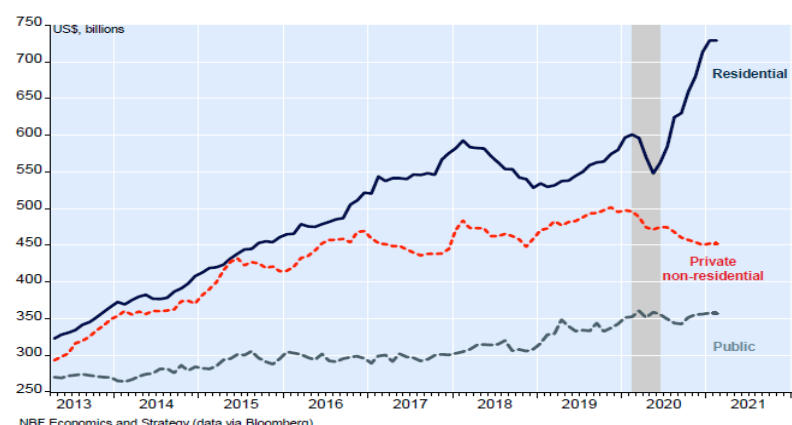
Unemployment insurance data on regular state programs (S.A.)					
Week ending	Mar. 27	Mar. 20	Change	Mar. 13	Prior year
Initial claims	719,000	658,000	61,000	765,000	5,985,000
Initial claims (NSA)	714,433	651,151	63,282	757,202	5,981,787
4-wk moving average	719,000	729,500	-10,500	751,750	2,344,000
Week ending	Mar. 20	Mar. 13	Change	Mar. 6	Prior year
Insured unemployment	3,794,000	3,840,000	-46,000	4,123,000	3,094,000
4-wk moving average	3,978,500	4,125,750	-147,250	4,283,000	2,071,750
Persons claiming UI benefits under all programs (unadjusted)					
Week ending	Mar. 13	Mar. 6	Change	Prior year	
Regular state	4,200,171	4,458,941	-258,770	2,068,674	
Federal employees	18,467	19,074	-607	9,800	
Newly discharged veterans	7,975	8,638	-663	5,591	
Pandemic u. assistance	7,349,663	7,844,867	-495,204	NA	
Pandemic emergency UC	5,515,355	6,220,492	-705,137	NA	
Extended benefits	1,017,742	1,067,905	-50,163	-	
State additional benefits	1,702	1,819	-117	5,901	
STC/Workshare	102,500	109,765	-7,265	12,886	
<b>Total</b>	<b>18,213,575</b>	<b>19,731,501</b>	<b>-1,517,926</b>	<b>2,102,852</b>	

NBF Economics and Strategy (data via blog.dol.gov)

In February, **construction spending** fell 0.8% to US\$1,516.9 billion, which is 5.3% above February 2020 levels. Residential spending edged down 0.2% m/m to a seasonally adjusted annual rate of US\$717.9 billion, while private non-residential activity fell 1.0% m/m to US\$447.8 billion. Public expenditures fell 1.7% to US\$351.2 billion.

### United States: Softer construction spending in February

Residential spending edged down 0.2%, non-residential activity fell 1.0% and public expenditures fell 1.7%



**WORLD** - In the Eurozone, the flash estimate for the consumer price index showed that prices rose 1.3% y/y in March, four ticks more than in February. Energy prices sprang 4.3% from their level a year earlier, while the cost of food, alcohol and tobacco climbed 1.1%. The core CPI, which excludes these four items, fell two ticks to 0.9%.

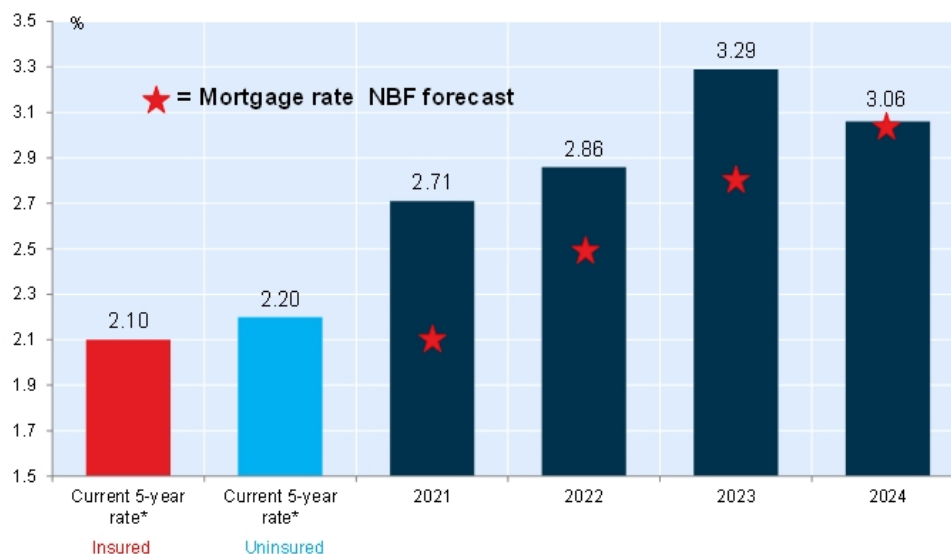
## CANADA WATCH

### Canada: No interest-payment shock in sight

The success of the economic recovery will depend on Canadian consumers in the coming months. There are several reasons to be optimistic. Households enjoyed the steepest jump on record for real disposable income in 2020 (+9.0%) and a record increase in the savings rate. Excess savings – which we currently peg at 8% of GDP – are currently hibernating in deposit accounts and are ready to be tapped by households once free of COVID-related restrictions according to research conducted by our colleague Warren Lovely (see report). In addition, households have enjoyed the strongest positive wealth effect since 2009 amid strong financial asset performance and surging home prices. The drop of debt service cost for homeowners is another important factor contributing to consumer strength. Indeed, Statistics Canada published this month data indicating a cumulative drop of 50 basis points over a year for the effective interest rate on mortgage debt. Can this trend endure? We think so. Despite the recent run-up in interest rates, it is important to keep in mind that mortgage loans maturing in 2021 have a contractual rate of 2.71% that is 60 basis points above the current market rate of 2.10% available for a 5-year mortgage. As the Hot Chart shows, the contractual rates of loans maturing in 2022 and 2023 are even higher, averaging 2.86% and 3.29% respectively. Despite our forecast of higher interest rates, we do not expect an interest-payment shock for current homeowners through 2024.

### Canada: No interest-payment shock in sight

Current 5-year mortgage rate, contractual rate of existing mortgages by year of renewal





## IN THE NEWS



U.S. and Canadian News



### **Monday March 29<sup>th</sup>, 2021**

#### **- [Nomura, Credit Suisse warn of big losses after Archegos share dump](#)**

Nomura and Credit Suisse are facing billions of dollars in losses after a U.S. hedge fund, named by sources as Archegos Capital, defaulted on margin calls, putting investors on edge about who else might have been caught out.

#### **- [Fed will not keep interest rates low for government's benefit](#)**

The Federal Reserve won't bend its interest rate or bond-buying policies to help finance the federal government's rising deficits, Christopher Waller said in his debut speech as a member of the U.S. central bank's board of governors.

### **Tuesday March 30<sup>th</sup>, 2021**

#### **- [U.S. consumer confidence rises to a year-high in March: survey](#)**

The Conference Board said its consumer confidence index jumped to a reading of 109.7 this month, the highest level since the onset of the pandemic in March 2020, from 90.4 in February. Confidence remains well below its lofty reading of 132.6 in February 2020. Economists had forecast the index rising to a reading of 96.9.

#### **- [Corporations, wealthy pay in Biden infrastructure plan, not drivers and riders](#)**

President Joe Biden's plans to spend billions of dollars on the United States' crumbling roads and mass transit include a novel twist - making companies and wealthy households, rather than drivers and riders, pay the cost.

#### **- [Toronto luxury home sales outpace broader market](#)**

Sales of homes worth more than \$4 million surged 157 per cent in January and February from a year earlier, brokerage Sotheby's International Realty Canada said in a report. By contrast, data from the Toronto Regional Real Estate Board for the same period showed sales across all price ranges rose 52 per cent.

### **Wednesday March 31<sup>st</sup>, 2021**

#### **- [Biden kicks off effort to reshape U.S. economy with infrastructure package](#)**

President Joe Biden call for a dramatic and more permanent shift in the direction of the U.S. economy with a roughly \$2 trillion package to invest in traditional projects like roads and bridges alongside tackling climate change and boosting human services like elder care.

#### **- [U.S. private payrolls post biggest gain in six months](#)**

Private payrolls surged by 517,000 jobs this month after rising 176,000 in February. Economists had forecast private payrolls increasing by 550,000 jobs in March.

#### **- [U.S. pending home sales fall more than expected in February](#)**

Pending Home Sales Index tumbled 10.6% to 110.3, with contracts falling in all four regions. Economists had forecast pending home contracts, which become sales after a month or two, would decline 2.6% in February.

#### **- [Canada's recovery gains steam, with growth tracking above 5%](#)**

Gross domestic product grew 0.7 per cent in January. A preliminary estimate for February shows the country kept the momentum going with output expanding 0.5 per cent, the 10th-straight monthly gain in GDP.

### **Thursday April 1<sup>st</sup>, 2021**

#### **- [U.S. weekly jobless claims unexpectedly rise](#)**

Initial claims for state unemployment benefits totaled a seasonally adjusted 719,000 for the week ended March 27. That compared to 658,000 claims in the prior week, which were the fewest since the middle of March 2020. Economists had forecast 680,000 applications in the latest week.

#### **- [U.S. manufacturing sector index races to 37-year high in March](#)**

The Institute for Supply Management (ISM) said its index of national factory activity jumped to a reading of 64.7 last month from 60.8 in February. That was the highest level since December 1983.

#### **- [Canadian factory activity expands at record pace in March](#)**

The IHS Markit Canada Manufacturing Purchasing Managers' index (PMI) rose to a seasonally adjusted 58.5 in March from 54.8 in February, posting the highest reading in the 10-year history of the survey.

#### **- [Brookfield to take property arm private in US\\$6.5B deal](#)**

The Canadian alternative-asset manager said it plans to acquire the minority stake for US\$18.17 per unit. That would mark a 10 per cent increase to the US\$16.50 a unit Brookfield Asset offered in January, and a 26 per cent premium over where the shares traded prior to that earlier proposal.

## IN THE NEWS



### International News

#### **Monday March 29<sup>th</sup>, 2021**

- [\*\*Spain's 2020 budget deficit rises to nearly 11% of GDP\*\*](#)

Budget Minister Maria Jesus Montero told a news conference on Monday the deficit had widened to the equivalent of 10.97% of gross domestic product in 2020 from 2.9% in 2019, and said the government would reduce the deficit this year. The budget gap was narrower than the government's latest official target, which stood at 11.3% of GDP.

- [\*\*UK consumers cut their borrowing at record annual pace in Feb - BoE\*\*](#)

Consumer borrowing dropped 9.9% year-on-year compared with February last year - just before the pandemic struck the West - the biggest fall since the series began in 1998, the BoE said.

- [\*\*Brazil services confidence in March slumps to lowest since last June\*\*](#)

The Getulio Vargas Foundation's (FGV) services sector confidence index fell 5.6 points to 77.6 points in March, the third consecutive decline and the lowest since June's 71.7.

- [\*\*Nomura flags \\$2 billion loss, cancels bond issue; shares plummet\*\*](#)

Nomura Holdings Inc on Monday flagged a possible \$2 billion loss at a U.S. subsidiary, prompting Japan's biggest brokerage and investment bank to shelve a hefty bond issuance and sending its stock tumbling by the most in over a decade.

- [\*\*China's Jan-Feb industrial profits surge in boost to economic recovery\*\*](#)

Profits stood at 1.114 trillion yuan (US\$170.31 billion) in the first two months of 2021, up 179% from the same period last year when the COVID-19 pandemic paralysed economic activity.

#### **Tuesday March 30<sup>th</sup>, 2021**

- [\*\*IMF hikes Italian growth forecast, urges tax reform\*\*](#)

The Italian economy could grow by around 4.25% this year, the International Monetary Fund said, hiking its previous forecast of 3% made in January.

- [\*\*German March inflation surpasses ECB target\*\*](#)

Consumer prices, harmonised to make them comparable with inflation data from other European Union countries, rose by 2% from 1.6% in February.

- [\*\*Japan's retail sales fall for third straight month\*\*](#)

Retail sales lost 1.5% in February from a year earlier, a smaller fall than the median market forecast for a 2.8% drop. But it marked the third straight month of declines following January's 2.4% fall and a 0.2% drop in December.

#### **Wednesday March 31<sup>st</sup>, 2021**

- [\*\*China's March factory activity expands at faster pace - official PMI\*\*](#)

The official manufacturing Purchasing Manager's Index (PMI) rose to 51.9 from 50.6 in February, data from the National Bureau of Statistics (NBS) showed. Analysts had expected it to rise to 51.0.

- [\*\*Brazil's unemployment rate rises to 14.2%\*\*](#)

The 14.2% jobless rate in the three months to January was slightly higher than the 14.1% median forecast of economists, inching back up towards the record 14.6% in the three months to September. It was up from 13.9% in the final quarter of 2020.

- [\*\*Indian government, central bank retain 2%-6% inflation target for 5 years\*\*](#)

The monetary policy framework, signed by Prime Minister Narendra Modi's government with the Reserve Bank of India in 2015, set up a monetary policy committee with a mandate to achieve 2%-6% headline retail inflation.

- [\*\*Hedge fund fallout wipes over \\$9 bln from market value of Credit Suisse, Nomura\*\*](#)

Shares in Nomura and Credit Suisse fell, with a collective \$9 billion wiped off their market value so far this week as the banks braced for big losses from the blow-up of U.S.-based hedge fund Archegos Capital.

- [\*\*Saudi unemployment falls to 12.6% in fourth quarter of 2020\*\*](#)

Unemployment among Saudi citizens fell to 12.6% in the fourth quarter of 2020 from 14.9% in the third quarter.

#### **Thursday April 1<sup>st</sup>, 2021**

- [\*\*Euro zone factory activity soared in March but supply issues loom\*\*](#)

IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) jumped to 62.5 in March from February's 57.9, ahead of the initial 62.4 "flash" estimate and the highest reading since the survey began in June 1997.

- [\*\*German govt agrees additional aid for lockdown-hit businesses\*\*](#)

Among other measures, companies that lost half of their revenue or more for at least three months since November will be eligible for a capital injection, in addition to existing aid measures.

- [\*\*China's March factory activity growth lowest in almost a year: Caixin PMI\*\*](#)

The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) dropped to 50.6 last month - the lowest level since April 2020 - from February's 50.9, missing analyst expectations for an uptick to 51.3.

- [\*\*Brazil manufacturing PMI falls to 9-month low in March - IHS Markit\*\*](#)

The pace of expansion in Brazil's manufacturing sector slowed sharply in March, to its slowest since June last year due to the COVID-19 pandemic resurgence and new lockdown restrictions. The headline PMI fell to 52.8 in March from 58.4 in February.



**WEEKLY PERFORMERS – S&P/TSX**

<b>S&amp;P/TSX: LEADERS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
Hudbay Minerals Inc	\$9.11	\$1.14	14.30%
Interfor Corp	\$29.17	\$3.08	11.81%
West Fraser Timber Co Ltd	\$92.40	\$9.00	10.79%
Dollarama Inc	\$57.00	\$4.81	9.22%
Lithium Americas Corp	\$19.93	\$1.62	8.85%
Denison Mines Corp	\$1.48	\$0.12	8.82%
Shopify Inc	\$1,448.18	\$114.18	8.56%
Nexgen Energy Ltd	\$4.77	\$0.36	8.16%
NFI Group Inc	\$28.99	\$2.16	8.05%
Canfor Corp	\$27.10	\$1.96	7.80%

<b>S&amp;P/TSX: LAGGARDS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
BlackBerry Ltd	\$10.77	-\$1.35	-11.14%
Restaurant Brands International Inc	\$82.18	-\$3.21	-3.76%
Boyd Group Services Inc	\$217.43	-\$8.35	-3.70%
Quebecor Inc	\$33.81	-\$1.11	-3.18%
Nutrien Ltd	\$68.42	-\$2.00	-2.84%
Corus Entertainment Inc	\$5.75	-\$0.15	-2.54%
Brookfield Property Partners LP	\$22.23	-\$0.56	-2.46%
TC Energy Corp	\$58.71	-\$1.34	-2.23%
Allied Properties Real Estate Investment Trust	\$40.74	-\$0.90	-2.16%
IGM Financial Inc	\$38.66	-\$0.85	-2.15%

Source: Refinitiv

**WEEKLY PERFORMERS – S&P500**

<b>S&amp;P500: LEADERS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
Applied Materials Inc	\$141.52	\$12.88	10.01%
Lam Research Corp	\$639.30	\$55.07	9.43%
DXC Technology Co	\$30.83	\$2.44	8.59%
KLA Corp	\$347.29	\$27.35	8.55%
Teradyne Inc	\$128.81	\$9.79	8.23%
Trimble Inc	\$80.74	\$6.04	8.08%
NVIDIA Corp	\$552.47	\$38.90	7.57%
Diamondback Energy Inc	\$81.22	\$5.43	7.16%
Enphase Energy Inc	\$162.69	\$10.62	6.98%
Tesla Inc	\$661.75	\$43.04	6.96%

<b>S&amp;P500: LAGGARDS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
Sherwin-Williams Co	\$249.75	-\$509.27	-67.10%
Carmax Inc	\$123.31	-\$10.50	-7.85%
ViacomCBS Inc	\$44.64	-\$3.59	-7.44%
HanesBrands Inc	\$19.37	-\$1.18	-5.74%
Anthem Inc	\$353.76	-\$17.55	-4.73%
Illumina Inc	\$385.04	-\$16.42	-4.09%
Fox Corp	\$36.31	-\$1.49	-3.94%
Edison International	\$58.29	-\$2.39	-3.94%
Rockwell Automation Inc	\$263.44	-\$10.11	-3.70%
Charter Communications Inc	\$608.58	-\$23.17	-3.67%

Source: Refinitiv

## NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
5N Plus Inc.	VNP	Outperform	Outperform	C\$5.75	C\$5.25
ABC Technologies Holdings Inc.	ABCT	<b>Sector Perform</b>		C\$11.50	\$0.00
Aya Gold & Silver Inc.	AYA	<b>Outperform</b>		\$7.50	\$0.00
Blackline Safety Corp.	BLN	<b>Outperform</b>		C\$12.00	\$0.00
BRP Inc.	DOO	Outperform	Outperform	C\$123.00	C\$102.00
Canadian National Railway	CNR	Sector Perform	Sector Perform	C\$147.00	C\$137.00
Canadian Pacific Railway	CP	<b>Outperform</b>	<b>Sector Perform</b>	C\$515.00	C\$490.00
Dollarama Inc.	DOL	Outperform	Outperform	C\$63.00	C\$61.00
IBI Group Inc.	IBG	<b>Outperform</b>	<b>Restricted</b>	C\$12.50	C\$0.00
Josemaria Resources Inc.	JOSE	<b>Restricted</b>	<b>Sector Perform</b>	C\$0.00	C\$1.30
Lassonde Industries Inc.	LAS.A	Outperform	Outperform	C\$186.00	C\$182.00
Park Lawn Corporation	PLC	Outperform	Outperform	C\$43.00	C\$40.00
Pinnacle Renewable Energy Inc.	PL	<b>Sector Perform</b>	<b>Outperform</b>	C\$11.30	C\$12.50
Pivotree Inc.	PVT	Outperform	Outperform	C\$13.00	C\$14.00
Sagen Mill Canada	MIC		<b>Tender</b>	C\$0.00	C\$43.50
Savaria Corporation	SIS	<b>Sector Perform</b>	<b>Outperform</b>	C\$20.00	C\$18.50
Tamarack Valley Energy Ltd.	TVE	<b>Outperform</b>	<b>Restricted</b>	C\$3.50	C\$0.00
TELUS Corp.	T	<b>Outperform</b>	<b>Restricted</b>	C\$28.00	C\$0.00
True North Commercial REIT	TNT.un	<b>Sector Perform</b>	<b>Under Review</b>	C\$7.00	C\$0.00

## STRATEGIC LIST - WEEKLY UPDATE

(March 29<sup>th</sup> – April 1<sup>st</sup>)

No Changes this Week

Comments:

Consumer Discretionary (Market Weight)

Dollarama Inc. (DOL)

**NBF:** NBF consider quarterly results to be ahead of their view and functionally in line with consensus. Also, they have a positive view on DOL's outlook commentary. While management did not provide full F2022 guidance, Q1 QTD performance was indicated to be strong. Same store sales growth was -0.2% (basket growth was 27.0%; transaction growth was -21.4%). Total revenue was \$1,104 mln vs. NBF at \$1,089 mln and cons. at \$1,126 mln; last year was \$1,065 mln. (3) The gross margin rate was 45.5% vs. NBF at 44.2%; last year was 44.7%. EPS was \$0.56 vs. NBF at \$0.53 and cons. at \$0.56; last year was \$0.57. The company opened 23 net new stores in Q4 vs. NBF's forecast of 20 stores. DOL revised its long-term store target in Canada to ~2,000 (by 2031) vs. the prior indication of 1,700 stores by 2027. While this announcement was not unexpected, the news is nonetheless favourable as it extends the long-term growth outlook. Given the scaling back of restrictive measures in February, sales have rebounded, with Q1/F22 QTD sssg in the low-to-mid-teens (to taper through F2022). DOL raised its quarterly dividend by 7% to \$0.0503/share and signaled intent to actively buy back shares in F2022. NBF continues to hold a positive view on DOL's shares given continued growth expectations and a defensive business model, supported by a strong cash flow profile, solid balance sheet/ample liquidity and resilient sales performance. NBF kept their Outperform rating and increased the price target to \$63 from \$61.

Financials (Overweight)

Canadian Banks

**NBF:** Big-6 banks stocks are up 15% so far in 2021, outpacing the S&P/TSX by ~700 bps. At this stage, NBF is frequently hearing investors ask about valuation as a factor limiting further upside. The sector is trading at 11.6x forward EPS (consensus), which is 7% above its 2-year moving average. NBF estimates that the sector could release over \$5 bln of performing provisions over the course of the next two years, which NBF does not believe is reflected in consensus forecasts. If we assume that banks release half of this amount (i.e., applied on an individually estimated amount basis) over the next four quarters, the sector's P/E multiple falls to 11.1x from 11.6x, or ~4%. Although this pro forma valuation doesn't appear "cheap", NBF believes it does enhance the attractiveness of a sector that is well-positioned to benefit from an economic recovery, while also offering additional upside from the deployment of excess capital. The sector's Q1/21 excess capital position of ~\$30 bln (i.e., above 11% CET 1, excl. ECL benefit) represents ~5% of total Big-6 market capitalization. NBF estimates that this excess capital constrains sector ROE potential by over 100 bps. In other words, there are additional EPS drivers that NBF does not believe are reflected in expectations. To be fair, the uplift potential from excess capital deployment should be viewed from a longer-term perspective.

Intact Financial Corp. (IFC)

**NBF:** A Bloomberg article suggested Intact is preparing the sale of RSA's Danish business as part of the acquisition of RSA. The article states the Danish business, 50% co-owned with Tryg A/S (the buyer of RSA's Scandinavian assets) could fetch as much as €1.5 billion. NBF believes this news should act as a positive catalyst to help vaporize the trading discount. IFC currently trades at 1.9x P/B (proforma equity held in escrow) vs. our target multiple of 2.6x and the five-year average of ~2.3x.

## Materials (Overweight)

### SSR Mining Inc. (SSRM)

**NBF:** SSR Mining released its updated reserve and resource estimates for year-end 2020. Overall, there were no surprises as the primary factor leading to a Y/Y increase in reserves was due to the previously-released Copler technical report. Reserves now stand at 8.0 Moz of gold (100% ownership basis), or 9.0 Moz gold equivalent, which is up 5% Y/Y due to additions at Copler, which were previously outlined in the updated Copler District technical report that saw reserves at the asset up 17% due to a larger pit design and reduced cut-off grades. M&I resources at the asset were up 20% to 7.2 Moz of gold (inclusive of reserves), with successful drilling adding ounces at Ardich. At Marigold, reserves were slightly down due to mining depletion, as the exploration focus for the asset is on growing resources. M&I at Marigold increased ~500 koz, while inferred resources increased ~300 koz. Seabee reserves were largely unchanged Y/Y, as reserve additions offset depletion despite COVID-19 impacting drilling, a positive sign for a mine with a relatively short mine life. NBF models LOM ending at Seabee in 2024, based on modeling 125% of reserves. Management recently indicated a potential to showcase a much longer mine life at Seabee, and thus, NBF looks forward to exploration updates on the asset, as well as updates at both Copler and Marigold, which have excellent upside as well. At Copler, NBF is watching for further regional resource growth and at Marigold NBF expects to continue to see oxide upside, especially on the recently acquired lands from Newmont. The company is expected to spend US\$65 million on exploration and resource development in 2021, including US\$54 million capitalized to advance near-mine brownfield growth. NBF sees potential for increasing the resources at each of the three key assets, notably the C2 porphyry at Copler, oxide conversion and sulphide drilling at Marigold, and mine life extension targets at Seabee. NBF maintained its Outperform rating and \$39.00 target price.



## NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
<b>Communication Services</b>							<b>4.8</b>	<b>Market Weight</b>
Quebecor Inc.	QBRb.TO	29-Nov-18	\$ 28.70	\$ 33.81	3.3	0.5		
Rogers Communications Inc.	RCIb.TO	13-Feb-20	\$ 65.84	\$ 58.90	3.5	0.5		
<b>Consumer Discretionary</b>							<b>4.0</b>	<b>Market Weight</b>
Canadian Tire Corp.	CTCa.TO	04-Oct-18	\$ 151.25	\$ 182.02	2.6	1.3		
Dollarama Inc.	DOL.TO	19-Mar-20	\$ 38.96	\$ 57.00	0.4	0.6		
<b>Consumer Staples</b>							<b>3.6</b>	<b>Market Weight</b>
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	\$ 30.09	\$ 41.23	0.9	0.7		
Loblaw Companies Ltd.	L.TO	25-Mar-21	\$ 68.50	\$ 70.36	1.9	0.3		
<b>Energy</b>							<b>12.8</b>	<b>Market Weight</b>
Cenovus Energy Inc.	CVE.TO	16-Jan-20	\$ 12.26	\$ 9.86	0.7	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	\$ 59.87	\$ 46.23	7.3	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	\$ 16.68	\$ 24.96	2.7	1.4		
<b>Financials</b>							<b>31.6</b>	<b>Overweight</b>
Bank of Montreal	BMO.TO	25-Mar-21	\$ 112.23	\$ 113.00	3.8	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	\$ 8.58	\$ 13.98	1.9	1.3		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	\$ 585.81	\$ 554.35	2.3	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	\$ 130.04	\$ 156.78	2.2	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	\$ 60.69	\$ 116.00	3.7	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	\$ 57.07	\$ 64.04	3.5	1.4		
<b>Health Care</b>							<b>1.5</b>	<b>Market Weight</b>
<b>Industrials</b>							<b>12.3</b>	<b>Market Weight</b>
Morneau Shepell Inc.	MSI.TO	26-Sep-19	\$ 32.72	\$ 32.99	2.4	0.7		
Toromont Industries Ltd	TIH.TO	05-Dec-19	\$ 67.24	\$ 96.51	1.6	0.7		
WSP Global Inc.	WSP.TO	10-Sep-20	\$ 88.54	\$ 121.24	1.3	1.0		
<b>Information Technology</b>							<b>9.5</b>	<b>Underweight</b>
Kinaxis Inc.	KXS.TO	19-Mar-20	\$ 100.05	\$ 156.16	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	\$ 41.61	\$ 60.61	1.7	0.9		
<b>Materials</b>							<b>12.1</b>	<b>Overweight</b>
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	\$ 27.00	\$ 74.86	2.4	0.4		
SSR Mining Inc.	SSRM.TO	30-Jan-20	\$ 23.81	\$ 19.07	1.4	0.6		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	\$ 27.15	\$ 24.54	0.8	1.1		
<b>REITs</b>							<b>3.2</b>	<b>Underweight</b>
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	\$ 49.82	\$ 54.14	2.6	0.7		
RioCan REIT	REI_u.TO	23-Aug-18	\$ 19.95	\$ 19.48	4.9	1.2		
<b>Utilities</b>							<b>4.7</b>	<b>Underweight</b>
Capital Power Corp.	CPX.TO	22-Aug-19	\$ 30.90	\$ 36.75	5.6	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	\$ 15.00	\$ 22.73	3.3	0.8		

Source: Refinitiv (Priced April 1, 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

## THE ECONOMIC CALENDAR

(April 5<sup>th</sup> – April 9<sup>th</sup>)

## U.S. Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
5-Apr	09:45	ISM NY Biz Conditions	Mar	35.5		Index
5-Apr	09:45	Markit Comp Final PMI	Mar	59.1		Index (diffusion)
5-Apr	09:45	Markit Svcs PMI Final	Mar	60.0		Index (diffusion)
5-Apr	10:00	<b>Factory Orders MM</b>	Feb	2.6%	-0.5%	Percent
5-Apr	10:00	Factory Ex-Transp MM	Feb	1.7%		Percent
5-Apr	10:00	<b>ISM N-Mfg PMI</b>	Mar	55.3	57.4	Index
6-Apr	10:00	<b>JOLTS Job Openings</b>	Feb	6.917M		Person
7-Apr	10:30	EIA Wkly Crude Stk	29 Mar, w/e			Barrel
7-Apr	10:30	<b>International Trade \$</b>	Feb	-68.2B	-70.2B	USD
7-Apr	15:00	Consumer Credit	Feb	-1.31B	5.00B	USD
8-Apr	08:30	<b>Initial Jobless Clm</b>	29 Mar, w/e			Person
8-Apr	08:30	Jobless Clm 4Wk Avg	29 Mar, w/e			Person
8-Apr	08:30	Cont Jobless Clm	22 Mar, w/e			Person
8-Apr	10:30	EIA-Nat Gas Chg Bcf	29 Mar, w/e			Cubic foot
9-Apr	08:30	PPI Final Demand YY	Mar	2.8%		Percent
9-Apr	08:30	<b>PPI Final Demand MM</b>	Mar	0.5%	0.5%	Percent
9-Apr	08:30	PPI exFood/Energy YY	Mar	2.5%		Percent
9-Apr	08:30	PPI exFood/Energy MM	Mar	0.2%	0.2%	Percent
9-Apr	10:00	Wholesale Sales MM	Feb	4.9%		Percent

## Canadian Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
7-Apr	08:15	Reserve Assets Total	Mar	86,325M		USD
7-Apr	08:30	<b>Trade Balance C\$</b>	Feb	1.41B		CAD
7-Apr	08:30	Exports C\$	Feb	51.19B		CAD
7-Apr	08:30	Imports C\$	Feb	49.78B		CAD
7-Apr	10:00	Ivey PMI	Mar	63.1		Net balance
9-Apr	08:30	Avg hrly wages Permanent employee YY	Mar	4.26%		Percent
9-Apr	08:30	<b>Employment Change</b>	Mar	259.2k		Person
9-Apr	08:30	<b>Unemployment Rate</b>	Mar	8.2%		Percent

Source : Refinitiv

## S&P/TSX QUARTERLY EARNINGS CALENDAR

### Monday April 5<sup>th</sup>, 2021

None

### Tuesday April 6<sup>th</sup>, 2021

None

### Wednesday April 7<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
North West Co Inc/The	NWC	Bef-mkt	0.59

### Thursday April 8<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Richelieu Hardware Ltd	RCH	Aft-mkt	0.23

### Friday April 9<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Corus Entertainment Inc	CJR.B	Bef-mkt	0.12

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 April 5<sup>th</sup>, 2021

None

### Tuesday April 6<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Paychex Inc	PAYX	Bef-mkt	0.926

### Wednesday April 7<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Lamb Weston Holdings Inc	LW	08:30	0.518

### Thursday April 8<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Conagra Brands Inc	CAG	07:30	0.585
Constellation Brands Inc	STZ	Bef-mkt	1.544

### Friday April 9<sup>th</sup>, 2021

None

Source: Bloomberg, NBF Research

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

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