

May 7th, 2021

THE WEEK IN NUMBERS (May 3rd – May 7th)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	34,777.76	902.91	2.67%	13.63%	45.66%	23.0
S&P 500	4,232.60	51.43	1.23%	12.69%	46.90%	27.9
Nasdaq Composite	13,752.24	-210.44	-1.51%	6.70%	53.15%	32.7
S&P/TSX Composite	19,472.74	364.41	1.91%	11.70%	31.27%	19.7
Dow Jones Euro Stoxx 50	4,034.25	59.51	1.50%	13.56%	40.05%	25.5
FTSE 100 (UK)	7,129.71	159.90	2.29%	10.36%	20.11%	19.1
DAX (Germany)	15,399.65	263.74	1.74%	12.25%	43.13%	19.9
Nikkei 225 (Japan)	29,357.82	545.19	1.89%	6.97%	49.22%	24.2
Hang Seng (Hong Kong)	28,610.65	-114.23	-0.40%	5.07%	19.31%	14.1
Shanghai Composite (China)	3,418.87	-27.98	-0.81%	-1.56%	19.06%	12.5
MSCI World	2,980.63	41.87	1.42%	10.80%	47.11%	27.6
MSCI EAFE	2,327.20	58.69	2.59%	8.37%	43.84%	21.7

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	277.18	2.29	0.83%	18.88%	73.23%	29.3
S&P TSX Consumer Staples	665.43	9.28	1.41%	5.16%	10.52%	17.8
S&P TSX Energy	127.42	9.51	8.07%	40.01%	73.64%	22.5
S&P TSX Financials	358.76	5.06	1.43%	17.14%	48.92%	13.3
S&P TSX Health Care	68.18	-6.65	-8.89%	13.35%	37.96%	N/A
S&P TSX Industrials	353.23	6.91	2.00%	7.42%	36.47%	30.0
S&P TSX Info Tech.	184.12	-5.64	-2.97%	0.97%	25.73%	56.1
S&P TSX Materials	340.48	26.64	8.49%	6.19%	10.98%	20.4
S&P TSX Real Estate	345.46	6.86	2.03%	15.75%	36.47%	16.5
S&P TSX Communication Services	185.97	3.48	1.91%	13.58%	17.24%	23.0
S&P TSX Utilities	320.61	-4.67	-1.44%	0.35%	15.24%	20.0

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2021E
Oil-WTI futures (US\$/Barrels)	\$64.83	1.25	1.97%	33.62%	175.29%	\$59.50
Natural gas futures (US\$/mcf)	\$2.96	0.03	0.92%	16.50%	56.18%	\$2.75
Gold Spot (US\$/OZ)	\$1,842.90	75.60	4.28%	-2.65%	7.03%	\$1,743
Copper futures (US\$/Pound)	\$4.76	0.28	6.18%	35.34%	99.37%	\$4.00

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21e
Cdn\$/US\$	0.8239	0.0104	1.28%	4.94%	15.13%	0.83
Euro/US\$	1.2165	0.0147	1.22%	-0.39%	12.31%	1.23
Pound/US\$	1.4004	0.0190	1.38%	2.42%	13.29%	1.40
US\$/Yen	108.61	-0.66	-0.60%	5.20%	2.20%	109

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME
NUMBERS

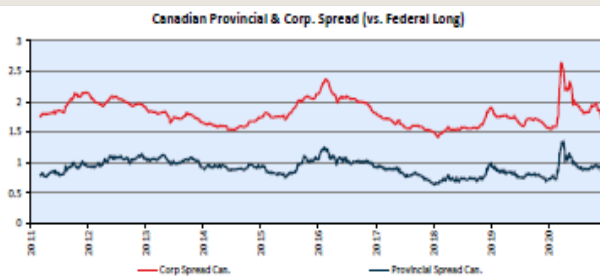
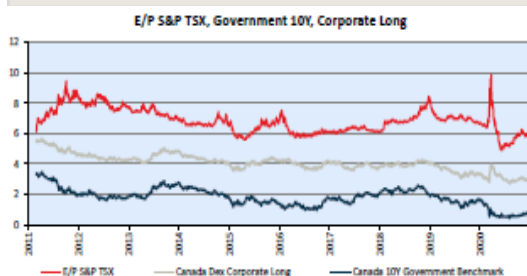
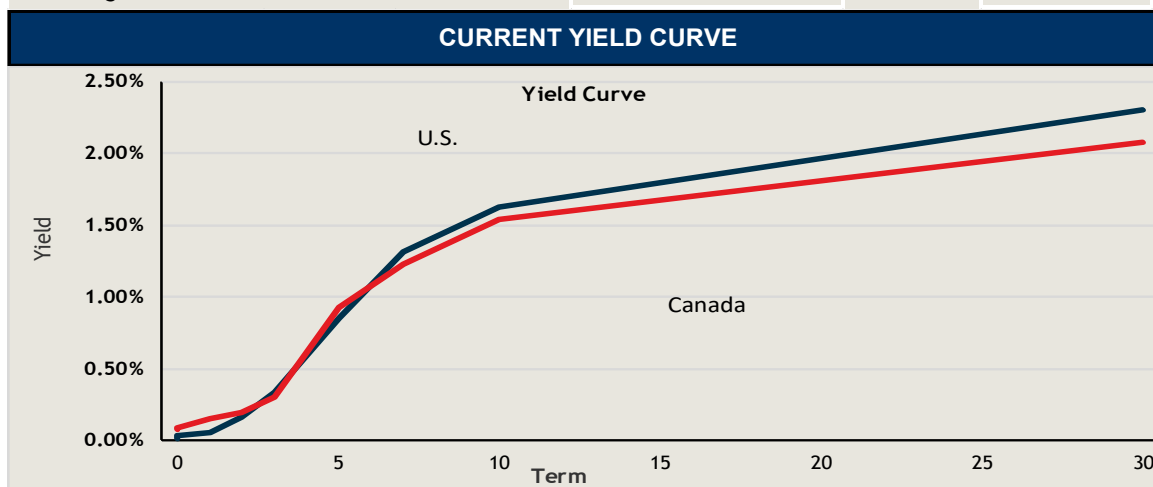
THE WEEK IN NUMBERS

(May 3rd – May 7th)

Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.89%	-9.5
CDA Prime	2.45%	0.0	CDA 10 year	1.51%	-15.0
CDA 3 month T-Bill	0.11%	-0.8	CDA 20 year	1.91%	-17.2
CDA 6 month T-Bill	0.14%	-1.2	CDA 30 year	2.08%	-19.4
CDA 1 Year	0.20%	-1.7	5YR Sovereign CDS	38.29	0.4
CDA 2 year	0.29%	-2.4	10YR Sovereign CDS	39.9	0.0

US Key Rate	Last	BTange 1 month bps		Last	BTange 1 month bps
US FED Funds	0-0.25%	0.0	US 5 year	0.77%	-8.6
US Prime	3.25%	0.0	US 10 year	1.57%	-16.5
US 3 month T-Bill	0.02%	-0.1	US 30 year	2.27%	-23.3
US 6 month T-Bill	0.04%	-0.3	5YR Sovereign CDS	9.96	-0.6
US 1 Year	0.05%	-0.6	10YR Sovereign CDS	17.45	-1.9
US 2 year	0.15%	-1.5			

CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.35%	-4.77%
FTSE Short Term Bond Index	0.08%	-0.37%
FTSE Mid Term Bond Index	0.46%	-3.70%
FTSE Long Term Bond Index	0.60%	-10.78%



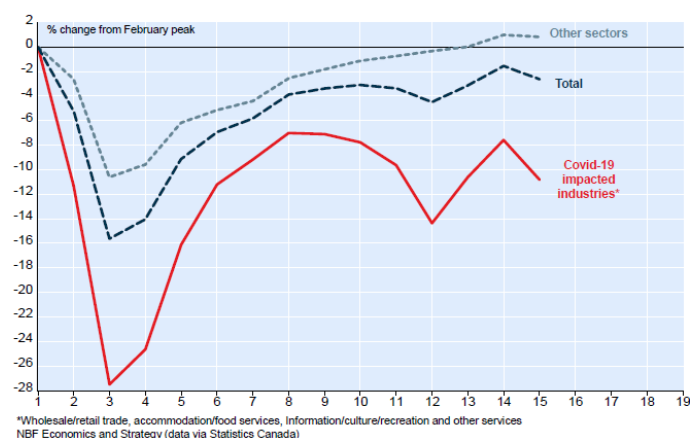
WEEKLY ECONOMIC WATCH

CANADA - Employment fell in April. According to the Labour Force Survey, 207K jobs were lost in the month. This was worse than expected – the median forecast by economists was calling for a 150K pullback. April job losses translated into a sharp increase in the unemployment rate from 7.5% to 8.1% despite the decline in the participation rate from 65.2% to 64.9%.

Job losses in April were attributable to both the private (-204K) and the public sector (-13K), while the self-employed sector recorded gains (+10K). Employment in the goods sector dropped -12K with losses for construction (-13K), and agriculture (-4K) more than offsetting gains in resources (+5K). Services-producing industries, for their part, lost 195K jobs on sharp drops in trade (-89K), accommodation/food services (-59K), educational services (-36K), information/culture/recreation (-26K), other services (-9K), business/building/other support services (-7.8K) and health care (-7.3K). Full-time employment was down 129K while the ranks of part timers declined 78K. On a 12-months basis, the growth of hourly earnings dropped from 2.0% in March to -1.6% in April. On a regional basis, employment declined in all the four largest provinces, with Ontario (-153K) and B.C. (-43K) seeing the largest drawbacks. Alberta (-13K) and Quebec (-13K) were not saved from the losses.

With a third wave of new COVID cases, Canada also witnessed a third wave of weakness in the labour market with a sizable employment decline in April. That said, most of these losses (-184K) can be attributed to the industries that have been the most negatively hit by public health measures since the start of the pandemic. In all the other sectors combined, only 24k jobs were lost during the month and the level of employment remains above pre-pandemic peak. It is worth noting that the education sector (-36K) was responsible for all the job losses in non-COVID sectors in April as some schools moved to distance learning and the closing of schools in Ontario because of the delayed March break. While significant restrictions are still in place in May, we expect a gradual easing in the coming weeks with the advance of vaccination, meaning that employment could rebound strongly during the summer months. In other words, we continue to think that the recent soft patch in the Canadian labour market should turn out to be transient as strong economic growth in the coming quarters will continue to support hiring. Recall that the Bank of Canada's latest Business Outlook Survey shows hiring intentions being the most favourable in almost three years.

Canada: Losses remain limited to sectors affected by sanitary measure:
Employment

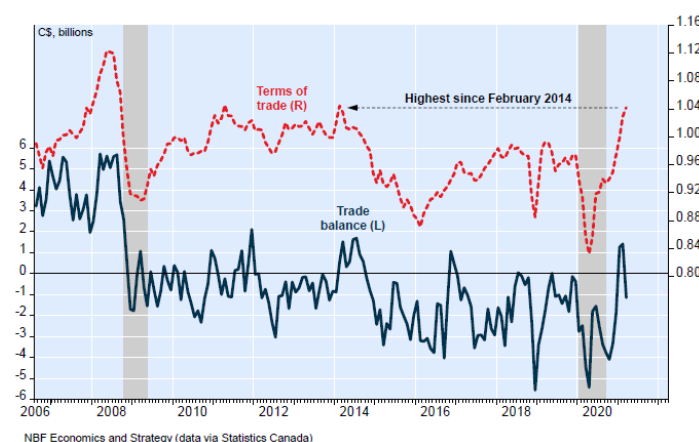


The **merchandise trade balance** went from a surplus of C\$1.42 billion in February (initially estimated at C\$1.04 billion) to a deficit of C\$1.14 billion in March. Analysts were expecting a C\$0.55-billion surplus. Nominal exports edged up 0.3% in the month, while nominal imports surged 5.5%. On the exports side, strong gains for metal ores/non-metallic minerals (+33.0%), motor vehicles/parts (+10.2%), and forestry products (+4.0%) were only partially offset by drops for aircraft/transportation equipment (-23.8%) and consumer goods (-5.3%). All 11 import categories saw increases in the month, something that had not occurred since November 2017. Statistics Canada reported strong increases for energy products (+54.7%, the largest monthly gain on record), metal ores/non-metallic minerals (+13.5%), motor vehicles/parts (+4.6%), and forestry products (+6.8%). The energy surplus shrank from a seven-year high of C\$8.5 billion to C\$6.9 billion. The non-energy deficit, for its part, widened from C\$7.1 billion to C\$8.0 billion. The trade surplus with the United States narrowed from a decade-high of C\$7.3 billion to C\$4.3 billion. In real terms, exports slipped 0.3% while imports sprang 7.0%.

The merchandise trade balance swung back into deficit territory in March thanks to imports, which expanded at their fastest pace in eight months on a strong gain for energy products. These bounced back sharply as production at Texas refineries recovered following weather-related outages in February. Despite the monthly gain, energy imports remained 25.0% below their pre-pandemic peak (2020M01). Imports of motor vehicles and parts also strengthened after shortages of semi-conductor chips forced many auto assembly plants in North America to reduce or stop production in February. Total exports, meanwhile, advanced for the sixth time in seven months, rising 5.9% above their pre-crisis level. For the same reasons mentioned above, exports of motor vehicles and parts erased almost all of the losses suffered in February. Meanwhile, shipments in the energy products category fell in March on strong pullbacks for natural gas (-46.7%) and electricity (-24.7%). (Recall that prices in these categories had surged in February as a result of the cold snap that hit the Central United States.) The terms of trade continued to improve in the month and now sit at their highest level since February 2014. Regarding quarterly data, trade in goods likely added a few tenths to Q1 GDP growth as real exports (+1.6% q/q) expanded at a slightly faster clip than real imports did (+1.1%). A strong expansion in import volumes in the machinery equipment category (+2.9% q/q) bodes well for investment spending in Q1 2021.

Canada: Terms of trade at their highest in more than 7 years

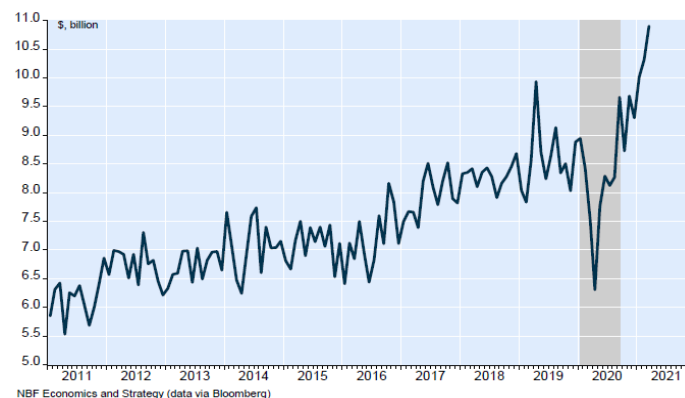
Terms of trade vs. overall goods trade balance



The value of **building permits** issued in the country rose 5.7% in March to \$10.9 billion. Residential permits climbed 15.9% on the back of a 24.5% jump in the multi-family category to \$4.3 billion and a 7.6% increase in the single-family category to \$3.8 billion. However, commercial permits decreased 14.6% to \$1.5 billion and institutional permits fell 33.5% to \$732.1 million. Industrial permits were the only ones in the non-residential sector to register an increase: They rose 16.4% to \$650.5 million. Activity in the residential sector was booming in March.

Canada: Building permits rose 5.7% in March to \$10.9 billion

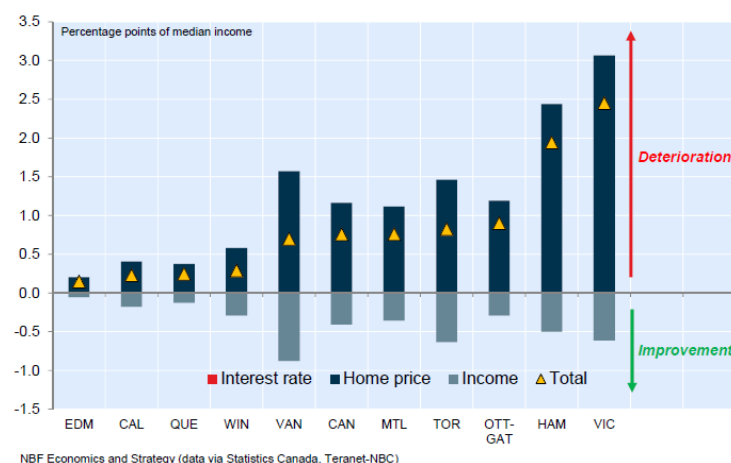
Permits reached \$4.3 billion for multi-family dwellings and \$3.8 billion for single-family homes



Mortgage interest rates have begun rising and now stand 35 basis points above the all-time low reached in February. Rates are now one-third of the way to their pre-pandemic level. Higher mortgage rates will certainly impact the purchasing power of many households after housing affordability in Canada deteriorated considerably in the first quarter of 2021. However, this negative turn applied only to the non-condo segment. Condo affordability remained unaffected as income increases were sufficient to offset smaller price hikes compared with the single-family sector. However, this state of affairs is not likely to last long.

Canada: Q1 change in housing affordability in 10 metropolitan areas

Q/Q change in mortgage payment on median-price home (25-year amortization, 5-year term)



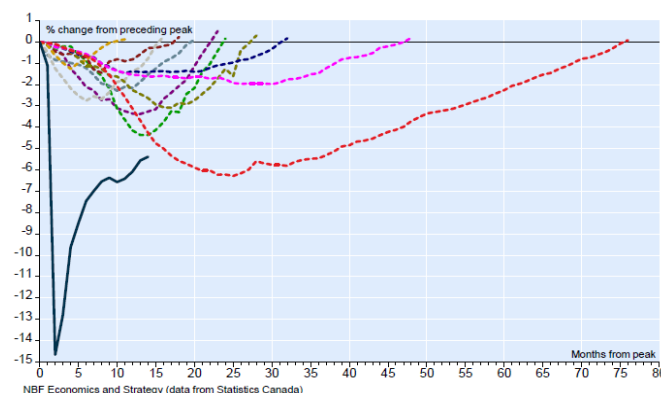
In April, the **Markit Manufacturing PMI** came in a touch softer than in the previous month, sagging 1.3 points to 57.2. This was nonetheless the third-strongest monthly reading since the survey's inception in October 2010. Capacity pressures were building up and firms were facing cost pressures. However, according to the report, higher expenses were being passed on to clients.

UNITED STATES - Nonfarm payrolls rose just 266K in April, a lot less than the +1,000K print expected by consensus. The negative surprise was compounded by a 78K downward revision to the prior month's results. The private sector added 218K jobs. Employment in the goods sector fell 16K as a decline for manufacturing (-18K) was only partially offset by a small gain for mining/logging (+2K). Employment in the construction segment was flat. Services-producing industries, meanwhile, expanded payrolls by 234K thanks in large part to a 331K jump in the leisure/hospitality category. Alternatively, there were retreats observed for professional/business services (-79K), transportation/warehousing (-74K) and retail trade (-15K). Employment in the public sector advanced 44K as state/local administrations added 39K jobs. Average hourly earnings rose just 0.3% on a 12-month basis, down from 4.2% the prior month.

Released at the same time, the household survey (similar in methodology to Canada's LFS) reported a 328K job gain in April. Despite this increase, the unemployment rate ticked up to 6.1%, as the participation rate rose from 61.5% to 61.7%. Full-time employment surged 358K, while part time positions fell 54K.

Non-farm-payrolls came in a lot weaker than expected in April. As COVID-19 caseloads continued to ease and several states gradually reopened their economies, several analysts (us included) had expected a blockbuster print in the month. There were indeed gains recorded in some of the sectors most affected by social distancing measures, notably leisure/hospitality. Without the latter category, however, payrolls were down month on month. Weak hiring apparently did not result from lack of demand for workers on the part of businesses; the latest JOLTS survey showed job openings standing at a 25-month high. Rather, it seems businesses are having problems finding suitable candidates at the moment. Indeed, according to a recent survey compiled by the National Federation of Independent Businesses, 42% of small businesses had difficulty in filling one or more vacant positions in April, a record high. This may seem surprising at a time when payrolls remain roughly 8 million below their pre-crisis level. In fact, several reasons can explain this phenomenon. The first is lack of skill transferability. For the most part, the people who had yet to return to work after losing their job during the pandemic used to be employed in the sectors hardest hit by social distancing measures. Their skill sets might not fit the industries that have fully recovered from the crisis and where demand for workers is highest at the moment. In sectors where wages are relatively low, the generous unemployment handouts provided by Washington might also be acting as a disincentive to return to work. If this is the case, "artificial" labour shortages could persist until enhancements to unemployment insurance are phased out (i.e. in September). In the meantime, employers might be forced to raise wages in an effort to lure workers back onto the job market. Anecdotal evidence suggests this is already happening in some low paid sectors (restaurants, retail, etc.).

U.S: Labour market recovery still has a long way to go
Nonfarm employment, % change from preceding peak



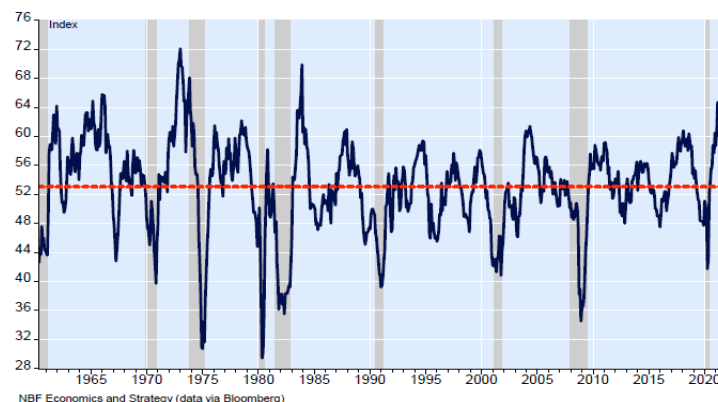
In March, **construction spending** rose 0.2% to US\$1,513.1 billion, which is 5.0% above the February 2020 level. Residential spending increased 1.7% m/m to a seasonally adjusted annual rate of US\$725.2 billion. Spending on new single-family homes rose 2.0% m/m and 26.7% y/y. Spending on new multi-family homes dipped 0.3% m/m. Private non-residential activity fell 0.9% m/m to US\$444.0 billion. Public expenditures declined 1.5% to US\$343.9 billion.

United States: Construction spending rose 0.2% to US\$1,513.1 billion
5.0% above pre-pandemic level



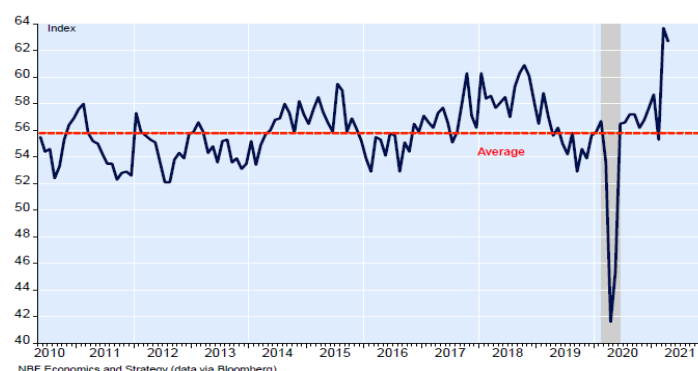
The **ISM Manufacturing PMI** fell four percentage points in April to 60.7. This was still well above the index's long-term average of 53.1 for the past 61 years, which suggested that the manufacturing sector was still expanding strongly. Given the well-documented supply chain problems and shortages of microchips, processors, and plastic and rubber products, it came as no surprise to see the Production Index drop from 68.1 in March to 62.5 in April. The Prices Paid Index rose four percentage points to 89.6 in April. This was well above its median print (62) for the past 61 years. It is worth noting that the index has topped the 89.6 mark only 2% of the time (on 14 occasions) over that horizon. The Employment Index fell 4.5 points to 55.1 in April but held above the 50.6 threshold for a fifth straight month. (This level is usually consistent with an increase in the Bureau of Labor Statistics data on manufacturing employment.) The Supplier Deliveries Index slid 1.6 points to 75.0, but this was still its third-highest reading since 1980. The New Orders Index fell 3.7 points to 64.3 in April from 68.0 in March, which was still a solid pace.

United States: Manufacturing sector still expanding strongly
At 60.7, ISM Manufacturing Index still well above long-term average (53.1) over past 61 years



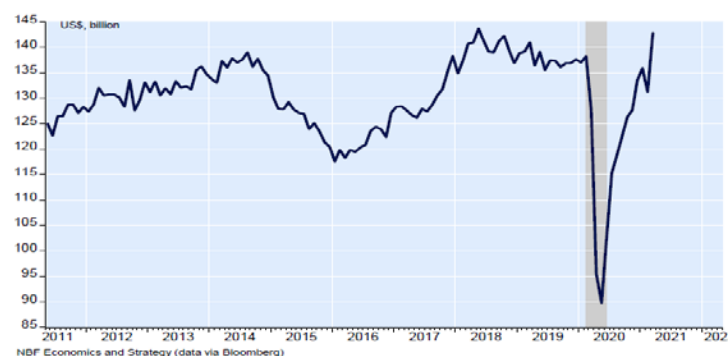
Like the Manufacturing PMI, the **Services Index** reflected a sector affected by transportation bottlenecks and other supply chain problems rather than softer demand. The Supply Delivery Index rose 5.1 points in April to 66.1, its fourth-highest reading on record, indicating longer delivery delays. This development rippled through business activity and translated into a 6.7 points drop in the Business Activity Index to 62.7 in the month. Prices paid in the services sector, too, were on the rise, as indicated by the 76.8 print (+2.8 points) for the corresponding sub-index. The New Orders Index remained comfortably above its average (57.9) for the past 11 years, though it did drop to 63.2 in April from 67.2 in March. Employment slipped 1.6 points to 58.8 in the month. In this context, the headline Services Index edged down from 63.7 in March to 62.7 in April.

United States: Services sector still expanding strongly
Services Index edged down from 63.7 in March to 62.7 in April



In March, the **goods and services trade deficit** amounted to US\$74.4 billion, up US\$3.9 billion from a revised US\$70.5 billion in February. Trading activity picked up in the month despite continued transportation bottlenecks and port congestion. Imports of goods rose US\$15.3 billion (+6.98%) to US\$234.4 billion. All six of the broad import categories recorded significant increases in the month. Among these, capital goods rose 5.6% (boosted by a 26.1% increase in semiconductors), consumer goods 7.4%, industrial supplies 7.9%, and automotive vehicles 7.3%. Goods exports grew US\$11.7 billion (+8.9%) to US\$142.9 on the back of broad-based increases. These exports topped their pre-pandemic levels in the month. The increase in the goods and services deficit reflected a US\$3.6-billion increase in the goods deficit to US\$91.6 billion and a \$0.3-billion decrease in the services surplus to \$17.1 billion.

United States: Goods exports rose above pre-pandemic levels
Exports of goods increased US\$11.7 billion (+8.9%) to US\$142.9 in March



Initial jobless claims fell 92K to 498K in the week ending May 1. The previous week's level was revised up from 535K to 590K. The advance number for seasonally adjusted insured unemployment (i.e., continued claims) increased 37K to 3,690K in the week ending April 24. 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 April 17, continued claims for UI benefits across all programs fell 405K to 16.2 million.

WORLD - In the **Eurozone**, the volume of **retail trade** rose 2.7% in March after growing 4.2% the previous month. Sales were up 4.2% for non-food products and 1.0% for food, drinks and tobacco, but were down 2.9% for automotive fuels. According to Eurostat, relative to 12 months earlier, the calendar-adjusted volume of retail trade in the Eurozone increased 12.0%.

FOREX – MAY 2021

Highlights

- After three consecutive monthly increases, the broad USD index fell more than 2% in April. Some investors may have been surprised by this turn. After all, recent economic reports confirm that a strong U.S. GDP recovery continues unabated. In normal times, such a picture would suggest higher interest rates and a stronger currency. But as we wrote last month, these are not normal times. Mr. Powell made this clear when he met the press after the April 28 FOMC meeting. This means that our forecast of negative U.S. real interest rates over the foreseeable future remains on track. This backdrop – a first in 70 years – together with a swelling twin deficit (current-account and fiscal) argues for continued USD weakness in coming months.
- The Canadian currency continues to do well, finishing April at its strongest in more than three years against the greenback. On April 21, Canada's central bank was forced to acknowledge the progress of the economic recovery and the current backdrop of strong global economic momentum. It revised its outlook materially higher, foreseeing an earlier closure of the output gap, and announced it would reduce its weekly QE purchases to \$3 billion from \$4 billion. With the Bank looking to move a bit ahead of the Fed and the BoC taper progressing, we see our rate of C\$1.20 to the USD arriving one quarter earlier than scheduled, i.e. in Q3 2021.

[\(Full report\)](#)

NBF Currency Outlook

Currency		Current	Forward Estimates				PPP ⁽¹⁾
		April 30, 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	
Canadian Dollar	(USD / CAD)	1.23	1.22	1.19	1.20	1.21	1.19
United States Dollar	(CAD / USD)	0.81	0.82	0.84	0.83	0.83	-
Euro	(EUR / USD)	1.20	1.20	1.23	1.23	1.22	1.42
Japanese Yen	(USD / JPY)	109	111	110	109	107	102
Australian Dollar	(AUD / USD)	0.77	0.76	0.78	0.79	0.78	0.69
Pound Sterling	(GBP / USD)	1.38	1.36	1.38	1.40	1.39	1.47
Chinese Yuan	(USD / CNY)	6.47	6.43	6.40	6.37	6.25	4.2
Mexican Peso	(USD / MXN)	20.2	21.0	19.5	18.5	18.0	9.3
Broad United States Dollar ⁽³⁾		112.2	113.1	110.1	108.9	108.3	-

1) PPP data from OECD, based in Local Currency per USD

2) Current Account Balance data from IMF, as a % of GDP (2020 & 2021 IMF estimates)

3) Federal Reserve Broad Index (26 currencies)

Canadian Dollar Cross Currencies

Currency		Current	Forward Estimates			
		April 30, 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Euro	(EUR / CAD)	1.48	1.46	1.46	1.48	1.48
Japanese Yen	(CAD / JPY)	89	91	92	91	88
Australian Dollar	(AUD / CAD)	0.95	0.93	0.93	0.95	0.94
Pound Sterling	(GBP / CAD)	1.70	1.66	1.64	1.68	1.68
Chinese Yuan	(CAD / CNY)	5.26	5.27	5.38	5.31	5.17
Mexican Peso	(CAD / MXN)	16.4	17.2	16.4	15.4	14.9

Source: NBF Economics and Strategy

IN THE NEWS



U.S. and Canadian News



Monday May 3rd, 2021

- U.S. manufacturing sector slows in April amid supply challenges

The Institute for Supply Management (ISM) said its index of national factory activity fell to a reading of 60.7 last month after surging to 64.7 in March, which was the highest level since December 1983. Economists had forecast the index edging up to 65 in April.

- U.S. construction spending rebounds less than expected in March

The Commerce Department said that construction spending gained 0.2% after falling 0.6% in February. Economists had forecast construction spending surging 1.9%. Construction spending, which accounts for about 4% of gross domestic product, increased 5.3% on a year-on-year basis in March.

- Canadian factory activity holds near record-setting pace in April

The IHS Markit Canada Manufacturing Purchasing Managers' index (PMI) dipped to a seasonally adjusted 57.2 in April from 58.5 in March. It was the third highest reading in the 10-1/2-year history of the survey. March's level was the highest.

Tuesday May 4th, 2021

- Robust domestic demand lifts U.S. trade deficit to record high

The trade deficit increased 5.6% to an all-time high of \$74.4 billion in March, the Commerce Department said. The trade gap was in line with economists' expectations.

- U.S. factory orders rebound in March; business spending on equipment strong

The Commerce Department said that factory orders increased 1.1% in March after falling 0.5% in February. Economists had forecast factory orders rebounding 1.3%. Orders rose 6.6% on a year-on-year basis.

- Canada returns to trade deficit position in March as imports surge

Canada's trade deficit with the world was C\$1.1 billion in March. Analysts had predicted a surplus of C\$700 million after a revised C\$1.42 surplus in February.

Wednesday May 5th, 2021

- U.S. private payrolls post biggest gain in seven months in April

Private payrolls rose by 742,000 jobs last month, the largest gain since last September, the ADP National Employment Report showed. Data for March was revised higher to show 565,000 jobs added instead of the initially reported 517,000. Economists had forecast private payrolls would increase by 800,000 jobs in April.

- U.S. service sector slows modestly in April

The Institute for Supply Management (ISM) said its non-manufacturing activity index fell to a reading of 62.7 last month from 63.7 in March, which was the highest on record. Economists had forecast the index rising to 64.3 in April.

- Toronto housing stalls in April as prices slip from record high

There were 13,663 property sales across the Greater Toronto Area in April. While that represents a 362 per cent surge compared to a year earlier, when activity was decimated at the onset of the pandemic, it was a sequential drop of almost 13 per cent compared to sales logged in March. It was a similar story for the average selling price in April, which surged 33 per cent year-over-year to \$1,090,992 -- marking a modest downturn from the record that was set in March.

- Brookfield's car battery maker Clarios confidentially files for U.S. IPO

Car battery maker Clarios, backed by Canada's Brookfield Asset Management Inc, said on Wednesday it had confidentially filed paperwork with the U.S. Securities and Exchange Commission for an initial public offering.

Thursday May 6th, 2021

- U.S. weekly jobless claims drop to fresh 13-month low

Initial claims for state unemployment benefits tumbled 92,000 to a seasonally adjusted 498,000 for the week ended May 1. That was the lowest since mid-March 2020. Economists had forecast 540,000 applications for the latest week.

- U.S. productivity rebounds in first quarter

Nonfarm productivity, which measures hourly output per worker, increased at a 5.4% annualized rate last quarter. Data for the fourth quarter was revised higher to show productivity falling at a 3.8% rate instead of the previously reported 4.2% pace. Economists had expected productivity would rebound at a 4.3% rate.

- Canadian home prices, sales to moderate but remain high

Home sales and prices soared to record levels, with the average selling price up 31.6% in March 2021 from a year ago. Housing starts also hit a record high in March.

Friday May 7th, 2021

- U.S. job growth far below expectations in April amid labor shortages

Nonfarm payrolls increased by only 266,000 jobs last month after rising by 770,000 in March, the Labor Department said in its closely watched employment report. Economists had forecast payrolls advancing by 978,000 jobs. The unemployment rate rose to 6.1% in April from 6.0% in March.

- U.S. wholesale inventories rise solidly in March

Wholesale inventories increased 1.3%, instead of 1.4% as estimated last month. Stocks at wholesalers gained 1.0% in February. The component of wholesale inventories that goes into the calculation of gross domestic product increased 1.3% in March. Wholesale inventories shot up 4.5% in March from a year earlier. Sales at wholesalers jumped 4.6% after being unchanged in February.

- Canadian economy lost 207,100 jobs in April

The country shed 207,100 jobs last month, Statistics Canada reported, partially erasing large gains over the previous two months. Economists had predicted a drop of 150,000. The unemployment rate rose to 8.1 per cent in April, from 7.5 per cent a month earlier. The rate was below 6 per cent before the pandemic.

IN THE NEWS



International News

Monday May 3rd, 2021

- [Euro zone factories raced ahead in April, prices jumped](#)

IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 62.9 in April from March's 62.5, albeit below the initial 63.3 "flash" estimate but the highest reading since the survey began in June 1997.

- [German retail sales jump in March as lockdown measures ease](#)

The Federal Statistics Office said retail sales jumped 11.0% compared to the same month a year earlier in real terms after an upwardly revised fall of 6.6% in February. The March reading overshot a Reuters forecast for a decline of 0.3%.

- [Brazil manufacturing PMI falls to 10-month low in April](#)

The headline PMI fell to 52.3 in April from 52.8 in March, the lowest since last June. Consumer price inflation in Brazil is running at more than 6%, well above the central bank's year-end target of 3.75%.

- [S.Korea April exports surge at sharpest pace in more than a decade](#)

Exports surged 41.1% from a year earlier, trade ministry data showed, marking the fastest growth since Jan 2011 and extending the expansion to a sixth month in a row. That missed a 44.0% increase forecast by economists but was much sharper than a 16.5% growth in March.

Tuesday May 4th, 2021

- [Record jump for UK mortgage lending after tax break extended](#)

Mortgage borrowing rose by a net 11.8 billion pounds in March, the biggest increase since the series began in April 1993. British lenders approved 82,735 mortgages in March, down by about 5,000 from February and a recent peak of over 103,000 in November. A Reuters poll of economists had pointed to 92,300 approvals.

- [UK factory activity expands at fastest rate since 1994](#)

The IHS Markit/CIPS Purchasing Managers' Index (PMI) for manufacturing activity rose to 60.9 in April from 58.9 in March, slightly above an earlier flash estimate of 60.7 and its highest reading since July 1994.

- [Australia central bank keeps rates near zero as economy picks up speed](#)

The Reserve Bank of Australia (RBA) reiterated its commitment to keep the cash rate at the record-low of 0.1% for as long as is needed to pull down unemployment and push inflation higher.

- [Indian shares struggle in choppy trade as coronavirus cases cross 20 mln](#)

India reported 357,229 new COVID-19 cases over the last 24 hours, taking the total tally to 20.28 million. The second wave of COVID-19 infections has overwhelmed the healthcare system and forced several states to enter lockdowns.

Wednesday May 5th, 2021

- [Euro zone producer prices accelerate in March to stoke inflation](#)

Eurostat said prices at factory gates in the 19 countries sharing the euro rose 1.1% month-on-month for a year-on-year increase of 4.3%, a 29-month high. That compared with market expectations of respectively 1.1% and 4.2%.

- [Euro zone business growth picked up in April as services expanded](#)

IHS Markit's final composite Purchasing Managers' Index (PMI) climbed to 53.8 last month from March's 53.2. That was just ahead of the preliminary 53.7 reading.

- [India c.bank gives small borrowers debt relief as COVID-19 cases spike](#)

India's central bank unveiled fresh measures to help lenders tide over mounting bad loans and give some borrowers more time to repay their debts, as surging COVID-19 infections trigger strict lockdowns in several states.

- [India's services growth slowed further in April, input costs soared](#)

The Nikkei/IHS Markit Services Purchasing Managers' Index fell to 54.0 last month from 54.6 in March, its lowest since January but still well above the 50-mark separating growth from contraction and outpacing expectations for a fall to 51.1.

Thursday May 6th, 2021

- [Bank of England keeps rates and size of bond-buying plan on hold](#)

The BoE kept its benchmark interest rate at an all-time low of 0.1% and the size of its bond-buying programme unchanged at 895 billion pounds, as expected by economists.

- [UK says 4.2 million jobs on furlough at end of March](#)

British employers had registered 4.2 million jobs as being on furlough on March 31, down from 4.7 million on Feb. 28. The total number of jobs on furlough peaked at 8.9 million in May 2020 and fell as low as 2.4 million in October.

- [UK service sector grows at fastest pace since 2013 in April](#)

IHS Markit said its monthly Purchasing Managers' Index for the services sector rose to 61.0 in April from 56.3 in March, above an earlier flash estimate of 60.1.

- [Surge in German orders to test factory bottlenecks](#)

Orders for industrial goods 'Made in Germany' jumped on the month by 3% in seasonally adjusted terms. This easily beat forecast of 1.7% and came after an upwardly revised increase of 1.4% in February and a rise of 0.8% in January.

Friday May 7th, 2021

- [China posts rapid trade growth in April as recovery races ahead](#)

Exports in dollar terms surged 32.3% from a year earlier to \$263.92 billion, beating analysts' forecast of 24.1% and the 30.6% growth reported in March. Imports were also impressive, rising 43.1% from a year earlier, up from the 38.1% growth in March.

- [Mexico inflation accelerates to highest level in over 3 years](#)

Inflation jumped to 6.08% in April from 4.67% in March. A Reuters poll of economists had forecast a reading of 6.01%.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Nexgen Energy Ltd	\$5.80	\$1.16	25.00%
OceanaGold Corp	\$2.53	\$0.48	23.41%
Hudbay Minerals Inc	\$11.20	\$2.02	22.00%
Teck Resources Ltd	\$31.09	\$5.08	19.53%
First Quantum Minerals Ltd	\$33.70	\$5.37	18.96%
Turquoise Hill Resources Ltd	\$25.65	\$4.03	18.64%
Cameco Corp	\$24.44	\$3.78	18.30%
ARC Resources Ltd	\$9.13	\$1.40	18.11%
Endeavour Silver Corp	\$7.64	\$1.16	17.90%
Ero Copper Corp	\$27.61	\$3.34	13.76%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Ballard Power Systems Inc	\$18.69	-\$8.15	-30.37%
Centerra Gold Inc	\$8.39	-\$2.95	-26.01%
Aurinia Pharmaceuticals Inc	\$12.30	-\$4.02	-24.63%
AcuityAds Holdings Inc	\$12.05	-\$1.96	-13.99%
Bausch Health Companies Inc	\$34.08	-\$5.49	-13.87%
Lightspeed POS Inc	\$76.18	-\$9.65	-11.24%
Westport Fuel Systems Inc	\$7.59	-\$0.80	-9.54%
Sunopta Inc	\$13.84	-\$1.38	-9.07%
Boralex Inc	\$36.09	-\$3.31	-8.40%
Canopy Growth Corp	\$30.68	-\$2.47	-7.45%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Baker Hughes Co	\$24.63	\$4.55	22.66%
Nucor Corp	\$98.76	\$16.50	20.06%
Gartner Inc	\$234.00	\$38.12	19.46%
Schlumberger NV	\$31.89	\$4.84	17.89%
Halliburton Co	\$22.95	\$3.39	17.33%
Freeport-McMoRan Inc	\$43.97	\$6.26	16.60%
Leggett & Platt Inc	\$57.53	\$7.86	15.82%
Sealed Air Corp	\$57.06	\$7.66	15.51%
Nov Inc	\$17.25	\$2.30	15.38%
Centene Corp	\$70.45	\$8.71	14.11%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
ETSY Inc	\$165.51	-\$33.28	-16.74%
Paycom Software Inc	\$327.58	-\$56.83	-14.78%
Enphase Energy Inc	\$122.96	-\$16.29	-11.70%
Marketaxess Holdings Inc	\$437.17	-\$51.29	-10.50%
IPG Photonics Corp	\$197.30	-\$19.81	-9.12%
ANSYS Inc	\$332.38	-\$33.28	-9.10%
Norwegian Cruise Line Holdings Ltd	\$28.48	-\$2.57	-8.28%
ABIOMED Inc	\$296.81	-\$23.92	-7.46%
AES Corp	\$25.79	-\$2.03	-7.30%
Dexcom Inc	\$358.74	-\$27.36	-7.09%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
ABC Technologies Holdings Inc.	ABCT	Sector Perform	Sector Perform	C\$9.50	C\$10.00
Alaris Equity Partners Income Trust	AD.un	Outperform	Outperform	C\$22.50	C\$21.00
AltaGas Ltd.	ALA	Outperform	Outperform	C\$26.00	C\$25.00
AutoCanada Inc.	ACQ	Sector Perform	Sector Perform	C\$45.00	C\$40.00
Ballard Power Systems Inc.	BLDP	Outperform	Outperform	US\$27.00	US\$35.00
Bombardier Inc.	BBD.B	Sector Perform	Sector Perform	C\$1.00	C\$0.70
Brookfield Business Partners L.P.	BBU.un	Outperform	Outperform	US\$56.00	US\$50.00
Capital Power Corporation	CPX	Outperform	Outperform	C\$45.00	C\$44.00
Cargojet Inc.	CJT	Outperform	Outperform	C\$226.00	C\$231.00
Cascades Inc.	CAS	Outperform	Outperform	C\$18.50	C\$20.50
Chemtrade Logistics Income Fund	CHE.un	Outperform	Sector Perform	C\$10.50	C\$7.00
DIRTT Environmental Solutions Ltd.	DRT	Sector Perform	Outperform	US\$3.50	US\$3.00
Equitable Group Inc.	EQB	Outperform	Outperform	C\$174.00	C\$165.00
Ero Copper Corp.	ERO	Sector Perform	Sector Perform	C\$27.50	C\$26.00
Franco-Nevada Corporation	FNV	Sector Perform	Sector Perform	C\$195.00	C\$190.00
Gibson Energy Inc.	GEI	Sector Perform	Sector Perform	C\$23.00	C\$22.00
Gildan Activewear Inc.	GIL	Outperform	Outperform	C\$50.00	C\$45.00
Great-West Lifeco Inc.	GWO	Sector Perform	Sector Perform	C\$36.00	C\$33.00
IGM Financial Inc.	IGM	Outperform	Outperform	C\$55.00	C\$51.00
Lassonde Industries Inc.	LAS.A	Outperform	Outperform	C\$202.00	C\$186.00
Loblaw Companies Limited	L	Outperform	Outperform	C\$77.00	C\$76.00
Maxar Technologies Inc.	MAXR	Sector Perform	Sector Perform	US\$45.00	US\$52.00
NFI Group Inc.	NFI	Outperform	Outperform	C\$32.00	C\$34.00
Paramount Resources Ltd.	POU	Sector Perform	Sector Perform	C\$14.00	C\$13.50
Parex Resources Inc.	PXT	Outperform	Outperform	C\$31.00	C\$34.00
Parkland Corporation	PKI	Outperform	Outperform	C\$45.00	C\$44.00
Pembina Pipeline Corp.	PPL	Sector Perform	Sector Perform	C\$39.00	C\$38.00
Premium Brands Holdings Corporation	PBH	Outperform	Outperform	C\$134.00	C\$130.00
RioCan Real Estate Investment Trust	REI.UN	Outperform	Outperform	C\$23.00	C\$22.00
Rogers Sugar Inc.	RSI	Sector Perform	Sector Perform	C\$5.25	C\$5.00
Spin Master Corp.	TOY	Outperform	Outperform	C\$53.00	C\$49.00
Stelco Holdings Inc.	STLC	Outperform	Outperform	C\$45.00	C\$36.00
Sun Life Financial	SLF	Outperform	Outperform	C\$71.00	C\$69.00
Taiga Motors Corp.	TAIG	Outperform		C\$19.00	
Tamarack Valley Energy Ltd.	TVE	Outperform	Restricted	C\$4.00	Restricted
Thomson Reuters Corporation	TRI	Outperform	Outperform	C\$128.00	C\$122.00
Timbercreek Financial Corp.	TF	Sector Perform	Sector Perform	C\$9.50	C\$9.00
Toromont Industries Ltd.	TIH	Outperform	Outperform	C\$108.00	C\$107.00
Trisura Group Ltd.	TSU	Outperform	Outperform	C\$218.00	C\$205.00

WEEKLY HIGHLIGHTS

NBF Asset Allocation Strategy

- [A Hot Summer Ahead](#)

Technical Analysis

- [Trading ideas in energy](#)
- [Real estate stocks extend recovery](#)
- [ELD and FVI form tops](#)

Preferred Shares

- [Preferred Shares Printable Tables](#)

Convertible Debentures

- [Convertible Debentures Printable Table](#)

Research Services Reports

- [NBF Selection List - May 2021](#)
- [Better than Bonds U.S. - May 2021](#)
- [Better than Bonds Canada - May 2021](#)

NBF Research Coverage Initiations

- [Taiga Motors Corporation](#): Leading the charge into EV-powersports

Click on the links to access the full reports

STRATEGIC LIST - WEEKLY UPDATE

(May 3rd – May 7th)

No Changes this Week:

Comments:

Consumer Staples (Market Weight)

Loblaw Companies Ltd. (L)

NBF: The company reported Q1/21 adj. EPS of \$1.13 vs. NBF at \$0.92 and consensus at \$0.87; last year was \$0.97. NBF considers results to be supportive of their favourable view given strong performance and an improved outlook. Revenue was \$11,872 mln vs. NBF at \$11,787 mln; last year was \$11,800 mln. Food retail sssg was 0.1% vs. NBF at 0.3% and last year at 9.6%. while total drug retail sssg was -1.7% vs. NBF at -2.5%; last year was 10.7%. While 2021 guidance was not formally revised, L noted that strong Q1/21 performance and continued momentum (4 weeks into Q2/21) may enable EPS to exceed original guidance. L further noted early Q2/21 trends showing food sssg declining slightly, and SC sssg trending positively (Metro issued similar commentary). Amongst the large Canadian grocers, Loblaw has the highest exposure to non-grocery EBITDA mix (Shopper's and PC Financial). Looking forward, NBF believes that L is well-positioned due to expectations of improving discount banner trends (60% of L's grocery mix), pending momentum at SC, led by Beauty and vaccine benefits, lapping relatively lower grocery sssg/EPS growth vs. peers, better operating leverage as heightened operational & price investments are behind L for now and low valuation vs. peers and history. NBF maintained their Outperform rating and price target increased to \$77.00 from \$76.00.

Energy (Market Weight)

Cenovus Inc. (CVE)

NBF: Cenovus reported a beat on Q1/21 financial and operating results. Average production of 769.3 mboe/d came in slightly above NBF estimate of 756.2 mboe/d (Consensus: 754.0 mboe/d) on account of record production of 96.0 mbbl/d at Lloyd Thermal (NBF 90.0 mbbl/d) and strong performance at Foster Creek. CFPS of \$0.57 was in line with NBF \$0.59 estimate, but 6% above the Street at \$0.54. Relative to NBF estimates, higher than expected upstream cash flow was offset by a lower than forecast downstream contribution due to maintenance activity in the U.S. NBF notes that operating costs were in line with expectations across the board, with sequentially higher oil sands operating costs related to natural gas pricing, offset by stronger than expected conventional natural gas revenue. The company noted it remains on track to reach the targeted \$1.2 billion in annual run-rate synergies by year-end 2021. Recall, the \$1.2 billion in synergies were announced in connection with the Husky acquisition. NBF believes the majority of these savings have been captured and although not currently reflected in its estimates, NBF expects there is a chance Cenovus can exceed the target as physical integration is optimized. The 2021 budget remains unchanged and includes a capital spend of \$2.3-2.7 billion to support average production of 730-780 mboe/d. NBF's current estimates are in line with guidance, calling for annual average production of 758 mboe/d on capital spending of approximately \$2.5 billion. Cenovus continues to focus on reducing debt, with the \$10 billion net debt target in reach by the end of 2021. Based on NBF's current assumptions and FCF forecast over the next 18 months, the longer-term debt target of \$8.0 billion is within reach through 2022. NBF reiterates its Outperform rating and target price of \$14.50, which is based on an unchanged 2022E EV/DACF multiple of 5.5x.

Enbridge Inc. (ENB)

(Reuters) Canada's Enbridge Inc ENB.TO reported a better-than-expected quarterly profit on Friday, driven by strong demand for oil and natural gas that its pipelines transport throughout North America. Global crude prices have rebounded in recent months after a pandemic-driven slump last year as widespread vaccinations in the United States have helped ease restrictions and boost fuel consumption. Canada's largest pipeline operator said it transported 2.75 million barrels per day (bpd) of crude oil on its key mainline system across Canada and the United States during the reported quarter, up from 2.65 million bpd in the previous quarter. Enbridge's biggest business, liquids pipeline, earned a core profit of C\$1.88 billion (\$1.54 billion), on an adjusted basis, up from C\$1.79 billion in the previous three-month period. The company also said it was seeing renewed interest in both crude and liquefied natural gas exports off the U.S. Gulf Coast as global economic activity ramps back up. Enbridge, which moves about 20% of the natural gas consumed in the United States, added North American crude demand had not fully recovered to pre-pandemic levels. The Calgary-based company's adjusted earnings rose to C\$1.63 billion, or 81 Canadian cents per share, in the first quarter ended March 31, from C\$1.13 billion, or 56

The Week at a Glance

Canadian cents per share, in the fourth quarter. Analysts had expected a profit 71 Canadian cents per share, according to IBES data from Refinitiv.

Tourmaline Oil Corp. (TOU)

NBF: Tourmaline reported strong first-quarter operating & financial results, including average production of 411.6 mboe/d (22% liquids) and associated CFPS of \$2.11 (vs. consensus \$1.97). During the period, volumes (PPS) expanded ~15% Q/Q, which was compounded by buoyant realizations (+20% Q/Q) that more than offset creeping cash costs (8% Q/Q), and which ultimately supported a cash netback of \$16.99/boe (+30% Q/Q) and CFPS growth of ~50% Q/Q. Tourmaline's assets yielded strong outcomes, with both its aggregate & liquids volumes pushing through annual guidance levels (~5%) on the basis of investment in line with seasonal, while volumes recently trended as high as 418 mboe/d, with a further 2/3rd of its high-efficiency (\$7,000/boed) capital program remaining intact to support volumes at first-quarter levels (a lay-up) while yielding significant free cash. On that note, the company's first-quarter program (13% growth) & previously expanded dividend (2% yield) were delivered within a 70% payout or an implied FCF yield of 11%, indicative of its significant total return profile (+20%). This will remain the theme in the five-year plan, which is very well-supported by a strong & stable gas market, and should yield 5% CAGR, 2% dividend & 10-15% FCF, with expectations that excess cash will be reallocated through dividend growth, deleveraging, tactical buy-backs and strategic acquisitions. This value strategy remains very well backstopped by a pristine balance sheet, with net debt outstanding of \$1.6 bln, or 0.6x annualized D/CF, against a \$3.4 bln borrowing base. The company is on absolute cruise control and firing on all cylinders, offering a significant & high-reliability return profile (complemented by TPZ), and should remain a component of all portfolios. TOU is poised for an 11% return profile (vs. peers 11%) on leverage of 0.2x D/CF (vs. peers 0.8x), while trading at 4.2x 2022e EV/DACF (vs. peers 3.6x). NBF maintained its Outperform rating and \$37.50 target price.

Financials (Overweight)

Sun Life Financial (SLF)

NBF: Q1 2021 Results: Underlying EPS of \$1.45 was below NBF \$1.50 estimate and consensus of \$1.46. The miss was caused primarily by lower asset management segment profits. MFS and SLC both reported earnings figures that were below expectations (e.g., MFS US\$221 mln vs. US\$266 mln forecast). In both cases, the underperformance stemmed mainly from higher expenses (e.g. MFS core expenses up 12% Y/Y and 4% Q/Q). From a sales standpoint, the story was more positive. MFS net outflows of US\$0.3 bln were better than NBF expectation of US\$4-5 bln of net outflows. US\$2.8 bln of retail inflows marked the 9th consecutive quarter of inflows (and gross flows were up 12% Q/Q). SLC reported \$10.6 bln of net inflows. Excluding macro factors, SLF reported \$44 mln of experience gains. The figure included a mixed bag of positive items (e.g., investment gains, morbidity, credit) offset by a few negative ones (e.g., mortality, lapse). Although the negative items can frequently draw questions, NBF takes the more constructive view. This perspective includes a rebound in investment gains following a negative Q4/20 result (i.e. that reinforces the unusual nature of such) along with morbidity gains in the U.S. Group block. NBF had assume a normalization of benefits utilization as the U.S. economy reopened would lead to flatter performance. NBF reduced its 2021 and 2022 estimates to reflect a weaker USD. However, its target price went to \$71.00 from \$69.00 as it is increasing its target P/B multiple to 1.6x from 1.4x to reflect SLF's sustainable mid-teens ROE generation. NBF 10.5x EPS multiple (50% weighting in its target price) is unchanged.

Industrials (Market Weight)

Toromont Industries Ltd. (TIH)

NBF: Q1 2021 Results: Revenue came in at \$806 mln, much stronger than consensus at \$738 mln and NBF at \$755 mln. Adjusted EBITDA amounted to \$109.3 mln, again higher than Street at \$102.1 mln (NBF \$102.6 mln). Adjusted EPS of \$0.58 was also stronger than Street at \$0.49 and NBF at \$0.51. Subsequent to quarter end, the Board of Directors increased quarterly dividends by 13% to \$0.35. Demand is inflecting across key verticals. There were some large infra projects released in the quarter while mining (gold + iron ore) was also strong thanks to high commodity prices. Uptick in rental demand signals (and utilization) were observed as Q1 progressed. Capital allocation focus remains on supporting demand and rental fleet growth. The company continues to hire technicians to support long-term objectives while working with CAT on telematics. NBF has learned over many years of covering the company that Toromont's management team finds a way to work through supply chain issues, pricing dislocations or cycles. Sometimes doing nothing (as an investor) is the best strategy and it is NBF approach here. Demand is obviously coming back on the strength of mining (commodities are through the roof) while the big horizontal infra projects in Ontario have not even started yet. At 22.0x P/E next year, the shares are not cheap (they never are), but if CAT can trade at similar levels, NBF sees no reason why TIH with superior execution and 41% of Equipment group's top line emanating from high margin and stable Product Support, does not deserve to trade at a premium. NBF is, however, getting a sense that the market is starting to build in some M&A optionality into company's valuation. NBF reiterated its Outperform rating while bumping the target price to \$108.00 (from prior \$107.00).

Information Technology (Underweight)

Kinaxis Inc. (KXS)

NBF: Kinaxis' revenue of \$57.7 mln came in slightly above NBF estimate of \$57.1 mln. While COVID-related delays are not fully behind the Company, SaaS continued to its return to stronger relative growth of 19% - to \$40.6 mln (in line with NBF estimate). FQ1 adj. EBITDA came in at \$9.0 mln, above NBF's estimate of \$6.0 mln with a Q/Q margin expansion of 600 bps to 16%. NBF notes the beat was mainly from a higher gross margin care of revenue mix as well as a lower Sales and Marketing expense. In terms of EBITDA guidance, Management reiterated its F21 guidance and a future outlook returning to 23%-25% SaaS growth in F22. The biggest takeaway was the record number of new customers wins, which helped drive record incremental subscription bookings. The record number of new customers follows a similar record in Q4. A big part of that appears to be from RapidStart, a triage version of RapidResponse that can be deployed in less than 12 weeks. According to Kinaxis, the number of net new customers on this offering almost doubled Y/Y. As NBF sees it, the conversion of those new wins from RapidStart to full deployments offers considerable growth potential looking ahead. Anecdotally, NBF has heard the relative upside of those conversions could be 3-10x the size of this triage offering. Beyond the economic expansion potential, it's enabled Kinaxis to tap into the mid-market while reducing deployment times in some cases. Bottom line, NBF believes this best-of-breed name is presenting a meaningful opportunity at the current price and recommend buying the stock based on the leading indicators that line up with NBF's industry checks. NBF maintained its Outperform rating and \$225.00 target price.

Open Text Corp. (OTEX)

NBF: OpenText reported better than expected FQ3 (CQ1) results with revenue and EPS above NBF and street estimates. Revenue came in at \$832.9 mln, up 2.2% Y/Y (or -0.8% in CC) vs. NBF \$803.3 mln estimate driven by continued strength in Cloud Services which saw a 4.8% (3.1% in CC) Y/Y increase to \$355.8 mln with marquee wins and 75 new private Cloud customers in the quarter. While Cloud was strong, the "beat" vs. NBF expectations was surprisingly driven by better-than-expected License revenue of \$76.3 mln (vs. NBF of \$47.7 mln) with the remaining segments essentially in line. Due to the lapping of the Carbonite acquisition, NBF estimates that growth in the quarter was organic. Per NBF's analysis, Cloud-based revenue growth accelerated by 200 bps Q/Q to 4.8%. OpenText's quarterly results reinforced what NBF continues to believe is an undervalued acquisition growth story with continued record results from a growing base of recurring revenue (83% of revenue). More importantly, that recurring revenue base continues to help drive expanding operating leverage. For FQ3, that resulted in \$297.1 mln in EBITDA for a margin of 35.7% and \$340.3 mln in FCF after adjusting for a one-time IRS settlement payment of \$290 mln. The Company has been steadily de-levering its balance sheet post-Carbonite. With a net leverage ratio of 1.6x and up to ~\$2.2 bln of available liquidity at the end of the quarter, NBF fully expects the pace of acquisitions to pick up. More specifically, the fact the Company highlighted it's historically added \$200 mln in acquired revenue per fiscal year, that suggests a major deal may be in the cards given there has not been a material acquisition this year. NBF's view on OTEX is unchanged, and it remains one of its favourite "legacy" names. While the market's appetite for tech stocks still leans to organic growth stories, NBF continues to see strong relative value with compelling defensive attributes in OTEX. Going forward, NBF sees a growing base of recurring revenue through acquisitions, expanding operating leverage and optionality from organic growth that's not fully priced into the stock. NBF maintained its Outperform rating and US\$60.00 target price, which implies EV/Sales of 5.6x and EV/EBITDA of 14.3x on FY21E (was 5.6x and 14.6x).

Materials (Overweight)

SSR Mining Inc. (SSRM)

NBF: SSR Mining reported first-quarter attributable net income of US\$53 mln. Adjusting mainly for fair value adjustments on acquired assets and FX losses, yields an adjusted net income of US\$102 mln or US\$0.43 per diluted share. The company's headline Adj. EPS figure was US\$0.47; however, this was based on a basic share count and added back COVID-19 costs. Regardless, the US\$0.43 of Adj. EPS came in as a beat to consensus and NBF, driven by strong production and low costs, as well as sales which exceeded production, catching up on part of last quarter's (~10k oz) inventory build, though tax expenses were higher. Adjusted CFPS before working capital changes was US\$0.77, also a beat to consensus at US\$0.65 and us at US\$0.74 and further benefited from lower cash tax payments. NBF calculates FCF of US\$20.0 mln which beat NBF US\$40.8 mln estimate due to strong operations and lower capex, with some offset from a negative US\$39.4 mln working capital adjustment. SSR repaid US\$17.5 mln of debt in the quarter and finished with US\$866 mln in cash. Post Q1, SSR Mining has announced the launch of an NCIB, which NBF likes given the current inexpensive P/NAV valuation and large cash balance. Total production was reported at 196.1 kGEO (NBF 186.2k GEO) and sales were higher at 201.5 kGEO. The production beat was driven by strong performance at Copler and Marigold, as well as Puna. Consolidated Total Cash Costs of US\$665/GEO was a beat to NBF US\$706/GEO estimate, and consensus at US\$705/GEO. Consolidated AISC of US\$1,004/GEO (NBF US\$1,222/GEO) was flat Q/Q and a stronger beat to NBF estimate due to lower capex spending. Total capex spend in the quarter was US\$68.6 mln (NBF 117.9 mln), and notably lower than expected at Copler with US\$13.9 mln (NBF US\$32.5 mln), as recovery improvement projects were deferred due to international COVID-19

restrictions, and likely proved lower due to the delayed major shut down. SSR reiterated its guidance and continues to call for a very back half weighted year with 75% of FCF in the second-half, with lower production and higher capex in the first half. NBF maintained its Outperform rating and \$34.00 target price. SSR remains a top pick.

Real Estate (Underweight)

RioCan REIT (REI.un)

NBF: REI reported FFO/u of \$0.33 (-28%), versus consensus/NBF of \$0.37/\$0.37. Excluding debt prepayment, accelerated unit-based compensation charges (related to c-suite turnover), FFO/u was \$0.37 (-18%). REI posted total SPNOI growth of -4.6% (compared to -7.9% in Q4). Excluding the impact of rent abatements and bad debt expenses, SPNOI was -1.1% this quarter (compared to -2.6% in Q4). Committed occupancy grew +10 bp q/q (-100 bp y/y), with committed occupancy trending +20 bp higher early in Q2. Blended leasing spreads were up +8% on 1.1 mln sf (a significant portion of the 2.8 mln sf expiring this year). Collections in Q1 held steady at ~94%, continuing at the same level in April. This all happened during a quarter where REI's most prominent markets were operating under restrictions. NBF is hesitant to say that we are "out of the woods" entirely - as it is still keen to see how retailers manage once subsidies are removed - but REI is seeing light at the end of the tunnel. REI's leverage as of Q1 stood at 45.3% on a D/GBV basis and 10.0x D/LTM EBITDA (compared to 45.0% and 9.5x in Q4). The leverage increase was as expected, since the trailing EBITDA calculation no longer includes pre-pandemic quarters, and REI is spending meaningfully this year on development completing the Well. REI's liquidity remains healthy, with \$1.3 bln of liquidity as of March 31. Additionally, REI has an unencumbered asset pool of \$8.7 bln, which it could use as an additional source of liquidity, if need be. Given REI's liquidity, NBF believes REI should be able to manage its planned development capex through 2021 without severely straining its balance sheet. Overall, the steady quarter-to-quarter performance in the core retail operations and the plan in place to finance a heavy construction year leads NBF to reduce its NAV discounts. REI's unit price has the most relative upside to pre-pandemic levels, and NBF believes it is among the safer risk-adjusted retail names. NBF maintained its Outperform rating and raised its target price to \$23.00 from \$22.00. The revised target is based on an -8% discount (was -13%) to NBF's revised NAV/u estimate one year out, translating to 15.8x NBF 2022E AFFO/u (was 15.6x).

Utilities (Underweight)

Capital Power Corp. (CPX)

NBF: CPX reported Q1/21 adj. EBITDA of \$303 mln versus NBF \$289 mln estimate (Street: \$287 mln), reflecting slightly stronger contributions from its Alberta baseload merchant fleet, combined with lower corporate costs. Based on year-to-date results and forward prices perched at ~\$78/MWh, CPX now expects to achieve 2021 adj. EBITDA and AFFO modestly above the top end of its previous guidance ranges of \$975-\$1,025 mln (NBF: \$1,050 mln) and \$500-\$550 mln (NBF: \$564 mln). Capital Power's ~\$1.7 bln clean energy strategy remains on pace to increase its EBITDA mix from ~30% renewables in 2020 to >50% renewables/zero-emitting generation by 2024e. Meanwhile, CPX noted it is evaluating an opportunity to apply CCUS technology at Genesee 1&2 in the scope of ~\$1.6 bln, which would permanently store 3.0 million tonnes of CO2 per year. NBF awaits the unveiling of the federal carbon capture and sequestration tax credit following its 90-day consultation process before assessing the economics of the potential initiative. Overall, NBF's 2022 estimates remain largely unchanged with AFFO/sh at \$4.72 (was \$4.76) and D/EBITDA at 4.5x (was 4.4x), trending down to <3.5x upon commissioning of the ~\$1.7 bln committed growth capital plan. Elsewhere, NBF continues to forecast another 7% dividend increase announced alongside Q2/21 results. NBF's target taps up \$1 to \$45.00, and it reiterates its Outperform rating, underpinned by a deconsolidated intrinsic value of ~\$55/sh based on comparable renewables, alongside NBF's view of CPX as being best positioned for a valuation re-rate alongside the clean energy transition theme.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services								4.9
Quebecor Inc.	QBRb.TO	29-Nov-18	\$ 28.70	\$ 34.12	3.2	0.5		Market Weight
Rogers Communications Inc.	RCIb.TO	13-Feb-20	\$ 65.84	\$ 61.64	3.3	0.5		
Consumer Discretionary								4.0
Canadian Tire Corp.	CTCa.TO	04-Oct-18	\$ 151.25	\$ 199.44	2.4	1.3		Market Weight
Dollarama Inc.	DOL.TO	19-Mar-20	\$ 38.96	\$ 54.10	0.4	0.6		
Consumer Staples								3.6
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	\$ 30.09	\$ 41.86	0.8	0.7		Market Weight
Loblaw Companies Ltd.	L.TO	25-Mar-21	\$ 68.50	\$ 70.61	1.9	0.3		
Energy								12.2
Cenovus Energy Inc.	CVE.TO	16-Jan-20	\$ 12.26	\$ 9.57	0.7	2.5		Market Weight
Enbridge Inc.	ENB.TO	21-Jan-15	\$ 59.87	\$ 48.09	6.9	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	\$ 16.68	\$ 28.88	2.2	1.4		
Financials								31.1
Bank of Montreal	BMO.TO	25-Mar-21	\$ 112.23	\$ 117.84	3.6	1.1		Overweight
Element Fleet Management Corp	EFN.TO	02-Apr-20	\$ 8.58	\$ 14.94	1.7	1.3		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	\$ 585.81	\$ 575.50	2.2	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	\$ 130.04	\$ 164.94	2.0	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	\$ 60.69	\$ 120.26	3.6	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	\$ 57.07	\$ 66.20	3.3	1.4		
Health Care								
Industrials								12.2
Morneau Shepell Inc.	MSI.TO	26-Sep-19	\$ 32.72	\$ 31.52	2.5	0.7		Market Weight
Toromont Industries Ltd	TIH.TO	05-Dec-19	\$ 67.24	\$ 105.30	1.6	0.7		Market Weight
WSP Global Inc.	WSP.TO	10-Sep-20	\$ 88.54	\$ 127.83	1.2	1.0		
Information Technology								10.2
Kinaxis Inc.	KXS.TO	19-Mar-20	\$ 100.05	\$ 149.39	0.0	0.7		Underweight
Open Text Corp.	OTEX.TO	26-Oct-16	\$ 41.61	\$ 58.17	1.7	0.9		
Materials								12.4
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	\$ 27.00	\$ 83.93	2.1	0.4		Overweight
SSR Mining Inc.	SSRM.TO	30-Jan-20	\$ 23.81	\$ 21.07	1.1	0.6		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	\$ 27.15	\$ 31.09	0.7	1.2		
REITs								3.2
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	\$ 49.82	\$ 57.16	2.4	0.7		Underweight
RioCan REIT	REI_u.TO	23-Aug-18	\$ 19.95	\$ 21.30	4.6	1.2		
Utilities								4.8
Capital Power Corp.	CPX.TO	22-Aug-19	\$ 30.90	\$ 39.82	5.2	1.2		Underweight
Innervex Renewable Energy Inc.	INE.TO	22-Aug-19	\$ 15.00	\$ 20.16	3.6	0.8		

Source: Refinitiv (Priced May 7, 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

(May 10th – May 14th)

U.S. Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
11-May	06:00	NFIB Business Optimism Idx	Apr	98.20		Index
11-May	10:00	JOLTS Job Openings	Mar	7.367M		Person
12-May	08:30	Core CPI MM, SA	Apr	0.3%	0.3%	Percent
12-May	08:30	Core CPI YY, NSA	Apr	1.6%	2.3%	Percent
12-May	08:30	CPI MM, SA	Apr	0.6%	0.2%	Percent
12-May	08:30	CPI YY, NSA	Apr	2.6%	3.6%	Percent
12-May	10:30	EIA Wkly Crude Stk	3 May, w/e	-7.990M		Barrel
12-May	14:00	Federal Budget,\$	Apr	-660.00B		USD
13-May	08:30	Initial Jobless Clm	3 May, w/e	498k	500k	Person
13-May	08:30	Jobless Clm 4Wk Avg	3 May, w/e	560.00k		Person
13-May	08:30	Cont Jobless Clm	26 Apr, w/e	3.690M		Person
13-May	08:30	PPI Final Demand YY	Apr	4.2%	6.0%	Percent
13-May	08:30	PPI Final Demand MM	Apr	1.0%	0.3%	Percent
13-May	08:30	PPI exFood/Energy YY	Apr	3.1%	3.7%	Percent
13-May	08:30	PPI exFood/Energy MM	Apr	0.7%	0.4%	Percent
13-May	10:30	EIA-Nat Gas Chg Bcf	3 May, w/e	60B		Cubic foot
14-May	08:30	Import Prices MM	Apr	1.2%	0.6%	Percent
14-May	08:30	Import Prices YY	Apr	6.9%		Percent
14-May	08:30	Retail Sales MM	Apr	9.8%	1.0%	Percent
14-May	08:30	Retail Sales Ex-Autos MM	Apr	8.4%	0.9%	Percent
14-May	08:30	Retail Sales YoY	Apr	27.72%		Percent
14-May	09:15	Industrial Production MM	Apr	1.4%	1.2%	Percent
14-May	09:15	Capacity Utilization SA	Apr	74.4%	75.2%	Percent
14-May	09:15	Industrial Production YoY	Apr	1.02%		Percent
14-May	10:00	Business Inventories MM	Mar	0.5%	0.3%	Percent
14-May	10:00	U Mich Sentiment Prelim	May	88.3	91.0	Index

Canadian Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
11-May	06:00	Leading Index MM	Apr	0.21%		Percent
14-May	08:30	Manufacturing Sales MM	Mar	-1.6%		Percent
14-May	08:30	Wholesale Trade MM	Mar	-0.7%		Percent
14-May	10:30	BoC Senior Loan Officer Survey	Q1	-3.03%		Percent

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday May 10th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Finning International Inc	FTT	Aft-mkt	0.359
Fortuna Silver Mines Inc	FVI	Aft-mkt	0.112
Ritchie Bros Auctioneers Inc	RBA	Aft-mkt	0.238
Sleep Country Canada Holdings	ZZZ	Aft-mkt	0.203
Village Farms International Inc	VFF	07:00	(0.03)

Tuesday May 11th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
AcuityAds Holdings Inc	AT	Bef-mkt	0.045
Aritzia Inc	ATZ	Aft-mkt	0.057
Centerra Gold Inc	CG	Bef-mkt	0.228
CT Real Estate Investment Trust	CRT-U		0.303
Element Fleet Management Corp	EFN	Aft-mkt	0.211
Endeavour Silver Corp	EDR	Bef-mkt	0.027
George Weston Ltd	WN	Bef-mkt	1.37
goeasy Ltd	GSY	Aft-mkt	2.20
Hudbay Minerals Inc	HBM	Aft-mkt	0.035
Innergex Renewable Energy Inc	INE	Aft-mkt	(0.048)
Intact Financial Corp	IFC	Aft-mkt	2.085
InterRent Real Estate Investment Trust	IIP-U	Bef-mkt	0.115
Keyera Corp	KEY	Aft-mkt	0.407
Kinross Gold Corp	K	Aft-mkt	0.152
Osisko Gold Royalties Ltd	OR	Aft-mkt	0.102
Summit Industrial Income REIT	SMU-U	Aft-mkt	0.161
TMX Group Ltd	X	Aft-mkt	1.753

Wednesday May 12th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Boyd Group Services Inc	BYD	Bef-mkt	0.996
CCL Industries Inc	CCL/B	17:30	0.748
Crescent Point Energy Corp	CPG	Bef-mkt	0.122
Dye & Durham Ltd	DND	Bef-mkt	0.26
ECN Capital Corp	ECN	Aft-mkt	0.084
Emera Inc	EMA	Bef-mkt	0.922
Intertape Polymer Group Inc	ITP	Bef-mkt	0.358
Northland Power Inc	NPI	Aft-mkt	0.662
Pan American Silver Corp	PAAS	Aft-mkt	0.303
Sienna Senior Living Inc	SIA	Aft-mkt	N/A
SmartCentres Real Estate Investment Trust	SRU-U	Aft-mkt	0.496

The Week at a Glance

SunOpta Inc	SOY	Bef-mkt	0.005
Superior Plus Corp	SPB	16:00	0.578
TransAlta Renewables Inc	RNW	Bef-mkt	0.207
Tricon Residential Inc	TCN	Aft-mkt	0.11
Turquoise Hill Resources Ltd	TRQ	Aft-mkt	0.704
WSP Global Inc	WSP	Aft-mkt	0.585

Thursday May 13th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Aurora Cannabis Inc	ACB	Aft-mkt	(0.246)
Boardwalk Real Estate Investment Trust	BEI-U	Aft-mkt	0.624
Brookfield Asset Management Inc	BAM/A	07:00	0.413
Canadian Apartment Properties	CAR-U	Aft-mkt	0.564
Canadian Tire Corp Ltd	CTC/A	Bef-mkt	0.66
CI Financial Corp	CIX		0.656
Exchange Income Corp	EIF	Aft-mkt	0.146
H&R Real Estate Investment Trust	HR-U	Aft-mkt	0.397
Home Capital Group Inc	HCG	Bef-mkt	1.04
Morneau Shepell Inc	MSI	16:30	0.188
NorthWest Healthcare Properties REIT	NWH-U	Aft-mkt	0.222
Power Corp of Canada	POW	Aft-mkt	0.745
Quebecor Inc	QBR/B	Bef-mkt	0.474
Torex Gold Resources Inc	TXG	Bef-mkt	0.463
TransAlta Corp	TA	Bef-mkt	0.055
WPT Industrial Real Estate Investment Trust	WIR/U		0.268

Friday May 14th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
SNC-Lavalin Group Inc	SNC		0.324
Onex Corp	ONEX	Bef-mkt	0.03

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 May 10th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Air Products and Chemicals Inc	APD	Bef-mkt	2.124
Duke Energy Corp	DUK	07:00	1.205
International Flavors & Fragra	IFF	Aft-mkt	1.539
Jacobs Engineering Group Inc	J	Bef-mkt	1.379
Marriott International Inc/MD	MAR	07:00	0.049
NortonLifeLock Inc	NLOK	Aft-mkt	0.381
Occidental Petroleum Corp	OXY	Aft-mkt	(0.337)
Simon Property Group Inc	SPG	Aft-mkt	2.261
Tyson Foods Inc	TSN	Bef-mkt	1.12
Viatis Inc	VTRS	Bef-mkt	0.806

Tuesday May 11th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Ameren Corp	AEE	Bef-mkt	0.755
Electronic Arts Inc	EA	Aft-mkt	1.057
Hanesbrands Inc	HBI	Bef-mkt	0.257
TransDigm Group Inc	TDG	Bef-mkt	2.476

Wednesday May 12th, 2021

None

Thursday May 13th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Walt Disney Co/The	DIS	Aft-mkt	0.285

Friday May 14th, 2021

None

Source: Bloomberg, NBF Research

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

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