NATIONAL BANK FINANCIAL

The Week at a Glance

June 4th, 2021

THE WEEK IN NUMBERS
(May 31st – June 4th)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	34,756.39	226.94	0.66%	13.56%	32.24%	22.7
S&P 500	4,229.89	25.78	0.61%	12.61%	35.91%	27.5
Nasdaq Composite	13,814.49	65.75	0.48%	7.19%	43.66%	31.8
S&P/TSX Composite	20,029.19	177.01	0.89%	14.89%	28.99%	18.4
Dow Jones Euro Stoxx 50	4,089.38	18.82	0.46%	15.11%	25.38%	25.0
FTSE 100 (UK)	7,069.04	46.43	0.66%	9.42%	11.47%	17.7
DAX (Germany)	15,692.90	172.92	1.11%	14.39%	26.24%	19.0
Nikkei 225 (Japan)	28,941.52	-207.89	-0.71%	5.46%	27.52%	17.1
Hang Seng (Hong Kong)	28,918.10	-206.31	-0.71%	6.20%	18.68%	14.3
Shanghai Composite (China)	3,591.84	-8.94	-0.25%	3.42%	23.04%	13.1
MSCI World	2,997.36	18.06	0.61%	11.42%	35.11%	27.6
MSCI EAFE	2,357.79	16.40	0.70%	9.79%	29.52%	21.2

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	276.79	1.65	0.60%	18.72%	50.41%	27.6
S&P TSX Consumer Staples	687.48	-3.87	-0.56%	8.65%	12.70%	20.0
S&P TSX Energy	139.15	11.35	8.88%	52.90%	62.62%	24.3
S&P TSX Financials	372.94	2.02	0.54%	21.77%	39.88%	12.8
S&P TSX Health Care	73.00	-0.30	-0.41%	21.36%	30.10%	N/A
S&P TSX Industrials	353.71	-1.27	-0.36%	7.57%	29.71%	22.9
S&P TSX Info Tech.	192.27	4.52	2.41%	5.43%	26.94%	54.2
S&P TSX Materials	339.78	-1.52	-0.45%	5.98%	19.94%	19.3
S&P TSX Real Estate	347.47	3.93	1.14%	16.42%	27.02%	15.1
S&P TSX Communication Services	191.20	2.52	1.34%	16.77%	15.05%	23.9
S&P TSX Utilities	326.09	3.67	1.14%	2.06%	15.12%	20.8

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2021E
Oil-WTI futures (US$/Barrels)	$69.40	3.08	4.64%	43.03%	85.51%	$59.50
Natural gas futures (US$/mcf)	$3.10	0.11	3.75%	22.02%	70.03%	$2.75
Gold Spot (US$/OZ)	$1,891.40	-11.10	-0.58%	-0.09%	10.04%	$1,845
Copper futures (US$/Pound)	$4.53	-0.15	-3.26%	28.91%	81.71%	$4.60

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21e
Cdn$/US$	0.8278	-0.0005	-0.06%	5.44%	11.77%	0.83
Euro/US$	1.2168	-0.0021	-0.17%	-0.37%	7.34%	1.22
Pound/US$	1.4163	-0.0024	-0.17%	3.58%	12.46%	1.41
US$/Yen	109.50	-0.31	-0.28%	6.06%	0.34%	107

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

THE WEEK IN NUMBERS

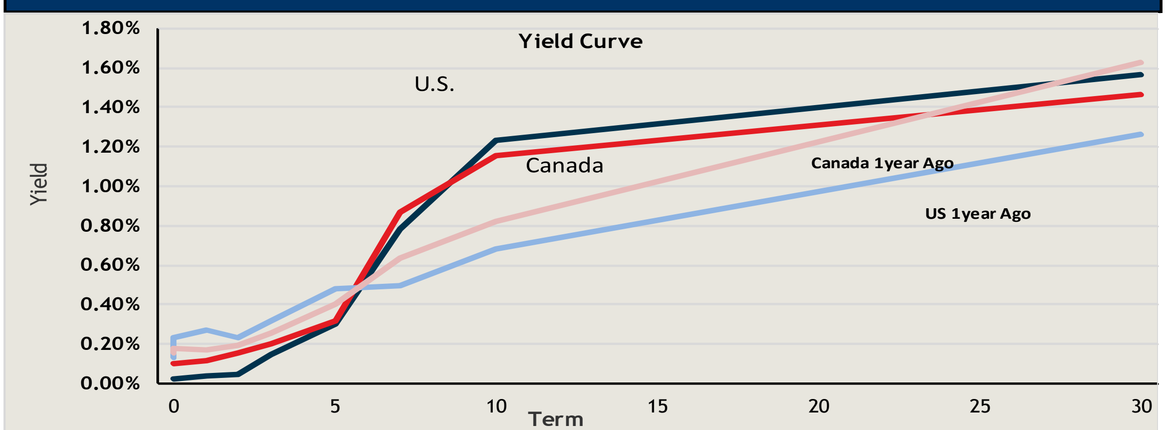
(May 31st – June 4th)

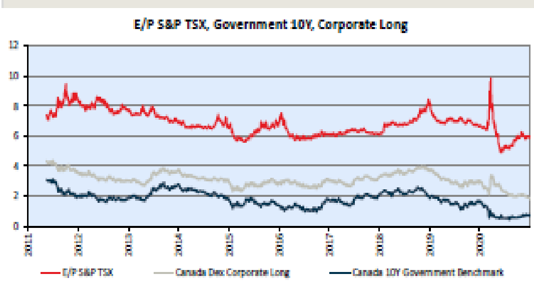
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.87%	-9.3
CDA Prime	2.45%	0.0	CDA 10 year	1.46%	-15.2
CDA 3 month T-Bill	0.12%	-0.9	CDA 20 year	1.86%	-19.1
CDA 6 month T-Bill	0.16%	-1.4	CDA 30 year	1.99%	-20.6
CDA 1 Year	0.21%	-1.9	5YR Sovereign CDS	38.3	0.4
CDA 2 year	0.32%	-3.1	10YR Sovereign CDS	39.91	0.0

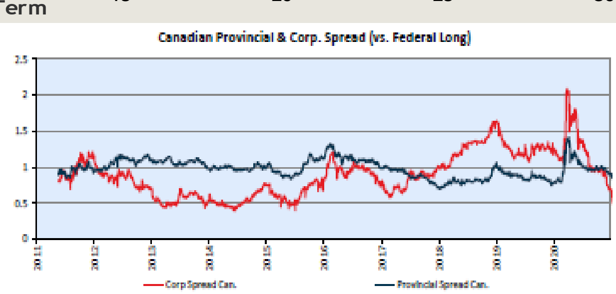
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	0-0.25%	0.0	US 5 year	0.79%	-8.2
US Prime	3.25%	0.0	US 10 year	1.56%	-15.9
US 3 month T-Bill	0.02%	-0.1	US 30 year	2.24%	-22.6
US 6 month T-Bill	0.04%	-0.4	5YR Sovereign CDS	9.96	0.4
US 1 Year	0.05%	-0.6	10YR Sovereign CDS	17.44	-0.6
US 2 year	0.15%	-1.6			

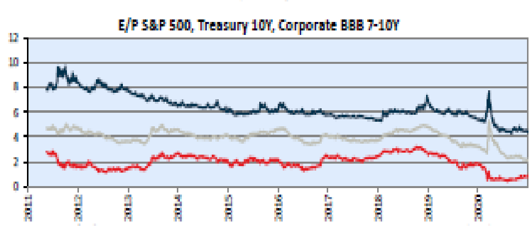
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.03%	-4.46%
FTSE Short Term Bond Index	-0.01%	-0.34%
FTSE Mid Term Bond Index	-0.12%	-3.60%
FTSE Long Term Bond Index	0.18%	-10.00%

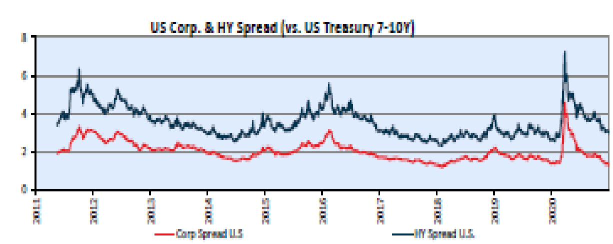
CURRENT YIELD CURVE











Source: Refinitiv & NBF

NBF Economy & Strategy Group

WEEKLY ECONOMIC WATCH

CANADA - Employment dropped 68K in May according to the Labour Force Survey, worse than consensus expectations calling for a 25K pullback. This drop, combined with a three-tick decline in the participation rate (64.6%), edged up the unemployment rate from 8.1% to 8.2%. Job losses in May were driven by workers in the private sector (-60.4K) and public sector (-10.1K) while self-employed +2.6K) posted a gain. Employment in the goods sector was down (-46.1K) as losses in manufacturing (-35.9K), construction (-15.8K) more than offset increases in resources (+8.6K). Agriculture and utilities jobs were essentially flat. Services-producing industries, for their part, contracted by 21.8K jobs on declines in other services (-24.1K), trade (-21.2K), accommodation/food services (-7.5K), and healthcare (-2.6K) while transportation/warehousing (+21.9K), professional services (+8.9K) and information/culture/recreation (+5.7K) experienced the strongest gains among services. Full time employment was down 13.8K while the ranks of part-timers dropped by 54.2K. On a 12-month basis, hourly earnings for permanent workers rose from -1.6% to -1.4%. On a regional basis, employment declined in all the four largest provinces, with Ontario (-31.6K) seeing the largest drawback. Quebec (-8K), B.C. (-1.9K) and Alberta (-1K) saw smaller declines. Nova Scotia was down 22.2K jobs in the month. The third wave of the pandemic perpetuated itself into the reference week of the May Labour Force Survey. Canada continued to see a third wave of weakness in the labour market with a substantial employment decline following a significant drop in April (employment is now at 3% of its previous peak. It should come as no surprise that high contact service sectors were negatively hit by sanitary measures (trade, accommodation/food services, information /culture/recreation, education and other services). Although these sectors were responsible for a portion of the loss, there was some contagion to sectors less directly impacted by restrictions (see left chart). Indeed, the goods producing sector declined for the first time since the worst month of the pandemic (April 2020) with manufacturing posting its first weakening since that same month. That said, there are some mitigating factors which provide us with some confidence. Almost 80% of job losses in the month occurred for part-time work which tends to be concentrated in those sectors most impacted by sanitary measures and which should bounce back as the latter are relaxed. In addition, students which would usually start reintegrating the labour force in May have likely delayed employment due to closures. The unemployment rate for this group was 23.1% in May of this year compared to 40% last year and 13.7% in 2019. As restrictions gradually ease in June with vaccination objectives far ahead of expectations, the floodgates could open with students and furloughed workers rushing back to work. We expect sectors most impacted by the pandemic to rebound strongly in the summer months. Thus, the recent soft patch should turn out to be transitory and the re-opening of the economy ought to support hiring in the months ahead.

Statistics Canada put out its estimate of **Q1 GDP**. The economy jumped 5.6% annualized, below consensus estimate calling for a 6.8% print. Domestic demand was stronger than the headline in Q1 as residential investment surged (+43.3% q/q annualized) and household consumption (+2.7%) posted decent growth while non-residential investment (-2.7%) posted a first pullback in three quarters. Government spending also rose in the quarter (+6.2% q/q annualized). Trade positively impacted GDP as exports (+6.0%) increased at a faster pace than imports (4.3%). Nominal GDP surged 18.4% annualized in the quarter following a 15.4% rise in Q4. Disposable income jumped 9.5% annualized in the quarter following a 2.6% decline in Q4, while consumption grew 4.4% annualized. As a result, the savings rate increased from 11.9% to 13.1%. Industry data showed output jumping 1.1% unannualized in March. Gains were widespread among sectors as no less than 18 of the 20 broad industries surveyed registered gains (only utilities and management were down). Statistics Canada also released an advanced estimate for April showing a 0.8% m/m pullback.

NBF Economy & Strategy Group

While real GDP growth in Q1 came in below consensus expectations, the performance was still much stronger than what had been anticipated a few months ago. Remember that non-essential stores were closed in both Ontario and Quebec in the first months of the year, which did not bode well for economic growth. Nonetheless, Canada's showing in Q1 placed its economy in an enviable position in relative terms. The country registered the second-best performance among the G7 countries in the quarter, which brought the Canadian economy within 1.7% of its pre-pandemic output (2019Q4), which was also the second-strongest showing in this regard. In nominal terms, the advance in Q1 was even more spectacular, coming in at 18.4% annualized thanks to the biggest jump in the GDP deflator since 1982. The surge in commodity prices contributed to this development as the terms of trade registered their second-best improvement on record (+6.1%). This took nominal GDP past its pre-recession peak after only five quarters. As a result, corporate profits set a record high in the quarter, which augurs well for hiring and investment. Households did well, too, as disposable income rose at an annual pace of 9.5% and consumption grew 4.4%, which meant the saving rate crept even higher to record a fourth consecutive double-digit increase. Tuesday's release does not alter our outlook for strong growth in the second half of 2021. After a temporary pause in the recovery owing to the implementation of public health measures in Q2, we can expect impressive growth again as more and more services reopen. True, residential construction could fall back to Earth, but consumption in services (30% of GDP), which has remained depressed so far, could rebound sharply in 2021H2. Consumption is likely to firm up, then, and all the more so in light of the fact that households have amassed astronomical excess savings over the past five quarters (9.5% of GDP).

Canada: GDP recovery uneven
Real GDP, annualized % change

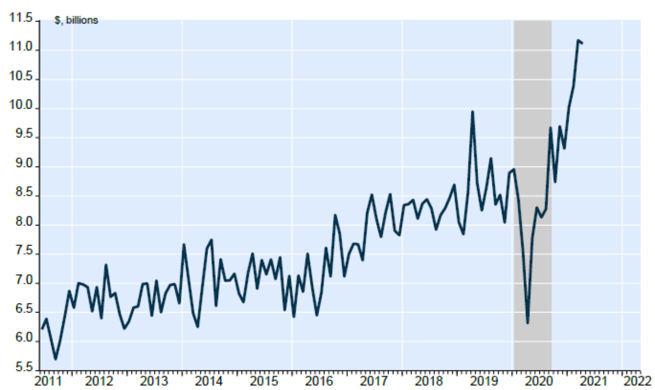
	Q/Q annualized variation (%)			
	2020 Q2	2020 Q3	2020 Q4	2021 Q1
Total nominal GDP	-39.6	54.9	15.4	18.4
Real GDP	-38.0	41.7	9.3	5.6
Real GDP components				
Household consumption expenditure	-45.4	63.9	0.9	2.7
Goods	-28.2	88.7	0.6	4.6
Services	-56.0	44.9	1.3	0.9
Non profit sector consumption	-40.3	33.6	15.6	-9.2
Government consumption	-15.5	22.0	5.7	6.2
Business Investment	-48.9	76.9	11.2	20.3
Residential structures	-45.8	181.9	16.9	43.3
Non-residential structures, machinery and equipment	-54.8	20.4	5.9	-2.7
Non-residential structures	-48.1	-8.4	-6.3	2.5
Machinery and equipment	-65.3	96.3	28.1	-10.2
Final Domestic demand	-39.2	53.3	4.3	6.4
Exports	-53.4	72.3	4.1	6.0
Imports	-64.7	117.4	11.6	4.3

NBF Economics and Strategy (data via Statistics Canada)

In May, the **Markit Manufacturing PMI** edged down 0.2 point to 57. The index was still indicating strong growth in the sector on the back of greater demand from both the domestic and the export market. Input prices climbed 0.8 point to 72.5, their highest reading since August 2018. Although output growth did face supply chain disruptions, firms remained optimistic that the lifting of pandemic restrictions would support stronger growth.

In April, the value of **building permits** issued in the country fell 0.5% to $11.1 billion, following a revised gain of 7.6% in March. Residential permits fell 6.7% to $7.7 billion overall: They declined 6.5% to $4.1 billion for multi-family dwellings and 7.0% to $3.6 billion for single-family dwellings. Non-residential permits, on the other hand, rose 17.4% to $3.4 billion.

Canada: Building permits down 0.5% to $11.1 billion in April
Permits fell 6.5% for multi-family dwellings and 7.0% for single-family homes

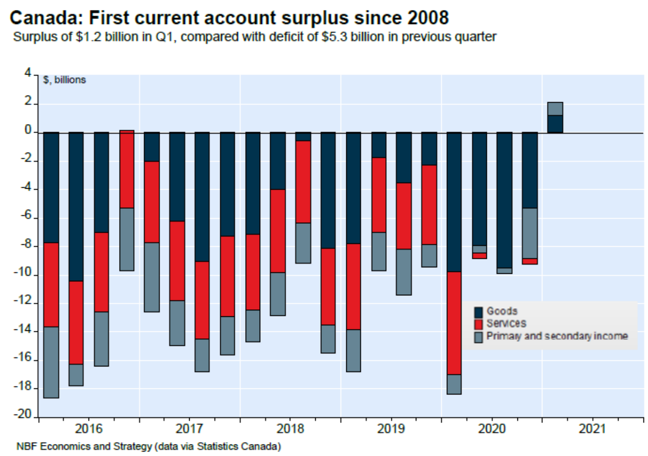


NBF Economics and Strategy (data via Bloomberg)

NBF Economy & Strategy Group

Prices for products manufactured in Canada, as measured by the **Industrial Product Price Index** (IPPI), rose 1.6% month over month in April and 14.3% year over year. The increase in the IPPI was driven mostly by higher prices for lumber and other wood products (+6.4%), which had been on the rise since December 2020. As for the Raw Materials Price Index, it increased 1.0% in April after gaining 2.2% in March. This was its seventh consecutive monthly gain. Year over year, the RMPI rose 56.4%, its largest increase since the start of this series in 1981, according to Statistics Canada.

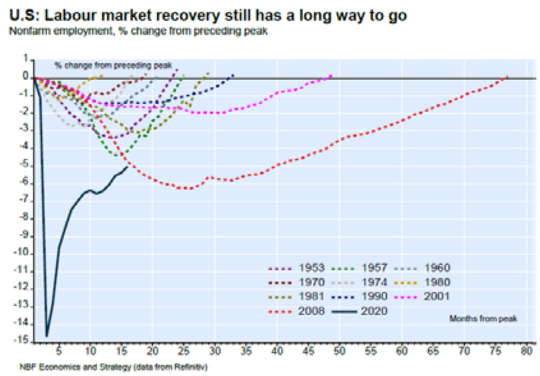
In Q1, Canada posted its first **current account** surplus since 2008. Statistics Canada reported a surplus of $1.2 billion for the period, compared with a deficit of $5.3 billion for 2020Q4. The goods and services trade balance recorded a $2.1-billion surplus. Energy exports were up $6.8 billion, and exports of forestry products and building and packaging materials grew $1.4 billion. However, the increases reflected mostly higher prices for oil, gas and lumber. Exports of aircraft and other transportation equipment and parts were up $2.3 billion, mainly on higher volumes. Overall, exports of goods increased $11.8 billion to $152.7 billion in the quarter. Goods imports, for their part, rose more modestly to $151.0 billion (+$ 0.9 billion). As for trade in services, Canada recorded a positive balance for the fourth quarter in a row. The surplus reached $458 million (+$52 million). Travel restrictions and the continued closure of the U.S. border meant Canadians spent less on travel. Regarding the financial account, direct investment in Canada amounted to $19.6 billion in Q1, its highest level since 2019Q2, while direct investment abroad slowed to $10.5 billion from $20.1 billion in 2020Q4. Consequently, Canada saw a net inflow of funds totalling $9.3 billion in the quarter. As the pandemic situation improves, more normal levels of activity are expected to resume across sectors later this year. The current account surplus is expected to fade gradually in the coming quarters and deficits are expected to return in time.



UNITED STATES - Nonfarm payrolls rose 559K in May, slightly less than the +675K print expected by consensus. The disappointment was partially compensated by a 27K upward revision to the prior month's results. The private sector added 492K jobs. Employment in the goods sector crept up just 3K as a decline for construction (-20K) was more than offset by a 23K gain the manufacturing segment. Services-producing industries, meanwhile, expanded payrolls by 489K, thanks in large part to a 292K jump in the leisure/hospitality category. Gains were also observed for education/health (+87K), professional/business services (+35K), transportation/warehousing (+23K) and wholesale trade (+20K). Alternatively, jobs in the retail segment slipped 6K. Employment in the public sector progressed 67K as state/local administrations added 78K jobs. Average hourly earnings rose 2.0% y/y in May, more than the median economist forecast calling for a 1.6% gain and up from just 0.4% the prior month.

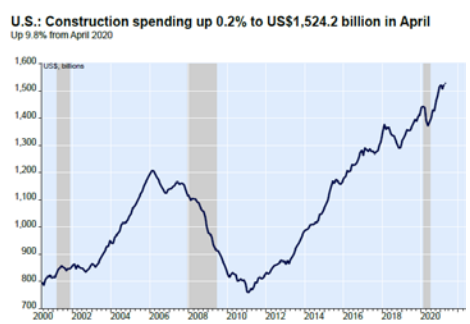
Released at the same time, the household survey (similar in methodology to Canada's LFS) reported a 444K job gain in May. This increase, combined with a one tick decrease in the participation rate to 61.6%, allowed the unemployment rate to fall from 6.1% to a 14-month low of 5.8%. Full-time employment surged 223K, while part-time positions expanded 178K.

Once again, job creation was weaker than expected in May. Still, the pace of hiring accelerated from the prior month, hinting at a slow but steady recovery in the job market in a context of economic reopening. The jobs reports were rather mixed. On the one hand, some of the sectors most affected by social distancing measures – notably leisure/hospitality and education/health – registered strong gains. But hiring elsewhere remain relatively tepid, especially if we exclude public sector employment. Long-term unemployment trended down for the second month in a row, a positive development since the consequences of joblessness tend to increase with duration. The unemployment rate continued to decrease but the steady decline recorded in the past few months should be interpreted with caution. Published unemployment rates are embellishing the state of the labour market at the moment. Some of that is due to misclassifications but, for the most part, it has been caused by a sizeable drop in the participation rate. If participation levels had been the same in May as in the pre-crisis period, the unemployment rate would have been closer to 8.0%. There is, therefore, still a long way to go for the labour market. Despite May's gain, non-farm payrolls remained 5.0% (or 7.6 million) below their pre-crisis level. Of the jobs still to be regained, around 6.8 million are in the services sector, which should progressively recover as the positive effects of mass vaccination begin to be felt more broadly.

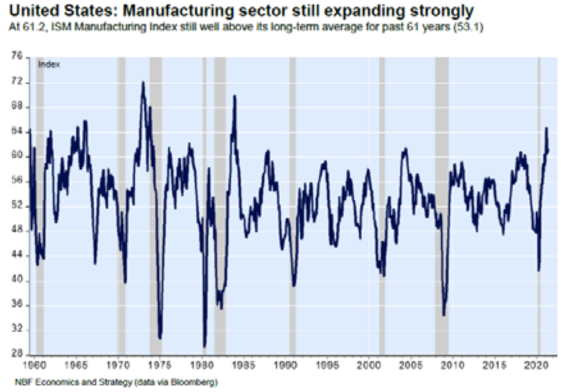


Relatively weak hiring in the last two months cannot be attributed to lack of demand: the most recent JOLTS survey showed job openings at an all-time high. Employers seem rather to have trouble attracting candidates. In sectors where wages are relatively low (and these are the sectors currently re-opening), the generous unemployment handouts provided by the state act as a disincentive to return to work and are creating what we call "artificial" labour shortages. A situation which could persist until federal supplemental unemployment benefits are gradually phased out (the process has already started in some states). In the meantime, employers might be forced to raise wages in an effort to lure workers back onto the job market. Increasing the number of hours current employee put in is another option that appears to be widely used at the moment.

In April, **construction spending** was up 0.2% m/m to US$1,524.2 billion and 9.8% y/y. Year to date, total outlays were up 5.8% compared with the same period last year when construction had to deal with lockdowns. Residential spending, including private residential improvements, increased 1.0% m/m to a seasonally adjusted annual rate of US$729.2 billion. Spending on new single-family homes rose 1.3% m/m and 39.6% y/y. Spending on new multi-family homes rose 1.9% m/m. Private non-residential activity fell 0.5% m/m to US$451.4 billion. Public expenditures declined 0.6% to US$343.5 billion.



The **ISM Manufacturing PMI** rose 0.5 percentage point in May to 61.2%. This was the fourth reading in a row above 60, a streak the likes of which was last witnessed in June 2004. New orders edged up 2.7 pp to 67%, topping their three-month moving average of 65.7%. Still, the Production Index fell 4 pp in April to 58.5%. Supplier were having difficulties meeting demand so much so that delivery delays rose to 78.8% (+3.8 pp). The Supplier Delivery Index held above the 70% mark for a fourth month in a row, a situation not seen since the pre-Volker era. Supply challenges clearly limited manufacturing's growth potential. The Employment Index fell 4.2 pp to 50.9%, its lowest reading in six months. The index of prices paid by manufacturers edged down 1.6 pp to 88% in April, which remained high on a historical basis. The Price Paid Index has registered 88% or higher only 27 times since January 1950. While many analysts expect labour shortages to ease after September and current supply bottlenecks to ebb going into 2022, the question remains whether new ones will emerge as the economy moves firmly into the expansion phase.



In May, the **Services Index** hit an all-time high of 64% (+1.3 pp), as reopening of the service sector gathered steam in the month. To no big surprise, the Prices Paid Index rose again, this time by 3.8 pp, to reach 80.6%. This was the second-highest reading on record for the index. The New Orders Index rose 0.7 pp to 63.9%, but as in the Manufacturing survey, the Employment Index fell (3.5 pp to 55.3%).

Initial jobless claims fell 20K to 385K in the week ending May 29, slipping below 400K for the first time since March 2020. The previous week's level was revised down 1K from 406K to 405K. The advance number for seasonally adjusted insured unemployment (i.e., continued claims) increased 169K to 3,771K in the week ending May 22.

Initial jobless claims dropped from an upwardly revised 478K to a post-pandemic low of 444K in the week to May 15. Continued claims, meanwhile, rose unexpectedly from 3,640K to a seven-month high of 3,751K. Topping these up were the roughly 11.7 million people who received benefits in the week ended April 30 under two emergency programs: Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation.

WORLD - The **J.P.Morgan Global Composite Output Index** was released this week, showing further improvement in the month of May. The index rose 1.7 points to 58.4%, which was the highest reading in 181 months. Relative to its US and European counterparts, growth in the Asia region was softer. In **China**, activity in the service sector remained in expansion. The Caixin PMI for services fell 1.2 points to 55.1%, while the manufacturing sector (52% vs 51.9% in April) benefited from growing new export orders. However, **Japan and India** fell back in contraction. Renewed rise in COVID-19 cases in May was blamed for the 3 points drop in the Jibun Bank Japan Services PMI from 49.5% in April to 46.5% in May. The Manufacturing PMI did better, supported by foreign demand for Japanese manufactured goods. Still the Jibun Bank Japan Manufacturing PMI edged down from 53.6% in April to 53.0% in May.

In the **Eurozone**, **annual inflation** is expected to hit 2.0% in May, up from 1.6% the previous month, according to the Eurostat flash estimate. If so, it will be the first time headline inflation tops the ECB inflation target since November 2018. Energy prices are expected to be the main contributor to the surge in inflation, having increased 13.1% y/y. Among the other main components of the harmonized CPI, food, alcohol and tobacco prices were estimated to be up 0.6% y/y, the same as in April. Services should print at 1.1%, compared with 0.9% the previous month, and non-energy industrial goods prices were expected to rise 0.7% y/y (0.4% in April). Core inflation, excluding the more volatile prices of energy, food, alcohol and tobacco, rose 0.9% according to the flash estimate, up from 0.7% y/y in April.

According to **Eurostat**, the euro area's seasonally adjusted **unemployment rate** was 8.0% in April, down from 8.1% in March 2021 and up from 7.3% in April 2020. Unemployment among the largest countries was a mixed bag. In Germany, it dipped 0.1% to 4.4%. In France, it fell 0.6% to 7.3%. In Italy, the unemployment rate rose 0.3 pp to 10.7%. In Spain, it eked up 0.1 pp to 15.4%. The seasonally adjusted volume of **retail trade** fell by 3.1% in April, following a revised gain of 3.3% in the previous month. The volume of retail trade decreased in the month by 5.1% for non-food products and by 2.0% for food, drinks and tobacco, while it increased by 0.4% for automotive fuels.

NEWFOUNDLAND & LABRADOR 2021 BUDGET

‘Transformative’ budget aims to take control of fiscal destiny

Highlights:

Coming in the wake of a sobering expert report on economic/fiscal sustainability, Newfoundland and Labrador’s 2021 budget (the last of the season for Canadian federal-provincial governments) aims to take control of a tough fiscal situation. Last fiscal year’s deficit wasn’t as large as previously planned and a major recovery in oil royalties alongside extra federal support paves the way for a near-halving of the deficit in 2021-22. This year’s deficit is officially projected at $826 million, which as a share of GDP (2.3%) could be smaller than half the provinces. The budget outlines a multi-year recovery path meant to culminate in a balanced budget within five years (i.e., by 2026-27). While the underlying budgetary gap is relatively large, FinMin Coady presents the medium-term plan as an achievable and required path to balance. Sustained spending restraint remains a necessary requirement for deficit reduction here. A number of initial ‘transformations’ are laid out, including reorganization at Nalcor and various efficiency/service delivery changes. Consultations are now under way as it relates to the various other recommendations contained in recently presented Greene Report (titled “The Big Reset”). Notwithstanding efforts to put the province on a more stable long-term fiscal footing, the budget offers close to $100 million to deal with short-term health care pressures and makes a few targeted investments designed to spur economic activity and job creation. Net debt, while ending 2020-21 at a lower than planned level, remains high by provincial standards, contributing to ongoing credit rating pressure. Progress on the deficit aims to slow the growth in net debt, which combined with a sharp bounce higher in nominal output, would bring net debt to GDP down to 47% by the end of 2021-22. The interest bite, measured versus revenue, should also ease up this fiscal year given the expected recovery in nominal output. As for borrowing, there’s less to do than previously telegraphed. After issuing $2.8 billion last fiscal year, the province has outlined $1.7 billion of gross bond issuance for 2021-22. With $200 million having already been completed, there’s $1.5 billion to go over ten months—a manageable requirement given well-functioning capital markets and what has been a healthy appetite for provincial debt as of late. *(full report)*

GEOPOLITICAL BRIEFING

Biden will be forced to scale-back plans for additional spending in 2021

To date, the U.S. government has approved over $5 trillion in emergency relief spending in response to the pandemic. By year’s end, the Biden administration hopes to pass an additional $4 trillion in stimulus and investment. This new spending is divided into the following proposals:

- A $1.7 trillion plan (down from roughly $2.3 trillion in the initial White House plan) focused on infrastructure, daycare and support for the elderly. For the time being, the sections pertaining to manufacturing and R&D, which were part of the original plan, have been transferred into separate legislation.
- A $1.8-trillion plan that includes funding for a child tax credit, tuition-free college and pre-kindergarten and healthcare spending.

These proposals would be financed at least in part by an increase in taxes on corporations and wealthy individuals. The Biden administration estimates its initial tax proposals, which are already in the process of being watered down in negotiations, would bring in an estimated $3.2 trillion in revenues over 10 years.

We believe that with or without bipartisan support, a further $2 trillion or so in spending, accompanied by various tax hikes, will be passed before the end of this year. This includes separate legislation funding R&D for crucial technologies and reshoring key supply chains. It is also important to note that the infrastructure spending approved in this bill would likely not be realized for several years for a host of reasons, including the fact that obtaining permits is often a multi-year process and NIMBYism (i.e., not-in-mybackyard resistance). As for the economic impact of the non-infrastructure part of this spending which can be implemented more quickly, it will be partially counterbalanced by take hikes. Consequently, we feel the added boost to economic growth from this legislation in 2022 will be modest. *(full report)*

NBF Economy & Strategy Group

FOREX – JUNE 2021

Highlights

- Central banks continue to have an outsized effect on currency trading. Last month the Federal Reserve reiterated its commitment to ensuring that central-bank moves will not hamper labour-market recovery. An inflation overshoot did not worry Fed members, while a disappointing May 7 jobs report cemented market expectations that QE tapering was still well down the road. At this writing, the greenback is at a new pandemic low and its weakness remains widespread.

- The Chinese central bank has tried to curb CNY appreciation in recent weeks by raising reserve requirements for the foreign exchange deposits of Chinese commercial banks. We still see a year-end USD/CNY of 6.20, the rate prevailing before the depreciation engineered by the PBoC in August 2015.

- It would be easy to attribute most of its recent gains to the drop of the trade-weighted U.S. dollar. Case closed, pack it up, end of the story, right? Not even close. There is a slew of factors at play in the CAD moves we have seen. The strength of the global economy and an upgrade to our oil price forecast – from $65 to $75 – implies a slightly stronger Canadian currency in Q3. We see a rate of $C1.17 to the USD this summer (compared to $1.19 previously). **(Full report)**

NBF Currency Outlook

Currency		Current May 31, 2021	Forward Estimates Q2 2021	Q3 2021	Q4 2021	Q1 2022	PPP [1]
Canadian Dollar	***(USD / CAD)***	**1.21**	**1.19**	**1.17**	**1.20**	**1.21**	**1.19**
United States Dollar	*(CAD / USD)*	*0.83*	*0.84*	*0.85*	*0.83*	*0.83*	-
Euro	*(EUR / USD)*	1.22	1.21	1.23	1.24	1.22	1.42
Japanese Yen	*(USD / JPY)*	109	110	109	108	107	102
Australian Dollar	*(AUD / USD)*	0.77	0.77	0.79	0.78	0.77	0.69
Pound Sterling	*(GBP / USD)*	1.42	1.41	1.42	1.43	1.41	1.47
Chinese Yuan	*(USD / CNY)*	6.36	6.34	6.30	6.25	6.20	4.2
Mexican Peso	*(USD / MXN)*	19.9	20.0	19.0	18.5	18.5	9.3
Broad United States Dollar [3]		**111.0**	**111.1**	**109.0**	**108.5**	**109.0**	-

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 May 31, 2021	Forward Estimates Q2 2021	Q3 2021	Q4 2021	Q1 2022
Euro	*(EUR / CAD)*	1.48	1.44	1.44	1.49	1.48
Japanese Yen	*(CAD / JPY)*	91	92	93	90	88
Australian Dollar	*(AUD / CAD)*	0.94	0.92	0.92	0.94	0.93
Pound Sterling	*(GBP / CAD)*	1.72	1.68	1.66	1.72	1.71
Chinese Yuan	*(CAD / CNY)*	5.26	5.33	5.38	5.21	5.12
Mexican Peso	*(CAD / MXN)*	16.5	16.8	16.2	15.4	15.3

Source: NBF Economics and Strategy

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
BlackBerry Ltd	$16.74	$4.60	37.89%
Crescent Point Energy Corp	$5.80	$0.86	17.41%
Dye & Durham Ltd	$47.92	$6.93	16.91%
Cenovus Energy Inc	$11.38	$1.57	16.00%
Inter Pipeline Ltd	$20.31	$2.63	14.88%
Vermilion Energy Inc	$10.45	$1.16	12.49%
Tilray Inc	$22.71	$2.51	12.43%
MEG Energy Corp	$8.87	$0.85	10.60%
Suncor Energy Inc	$30.79	$2.89	10.36%
Whitecap Resources Inc	$6.31	$0.58	10.12%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Aurinia Pharmaceuticals Inc	$15.10	-$2.44	-13.91%
Westport Fuel Systems Inc	$6.67	-$0.88	-11.66%
Saputo Inc	$37.58	-$4.34	-10.35%
Interfor Corp	$28.99	-$2.18	-6.99%
Canfor Corp	$27.84	-$2.09	-6.98%
Canopy Growth Corp	$29.29	-$2.16	-6.87%
Real Matters Inc	$15.61	-$0.96	-5.79%
Pretium Resources Inc	$13.04	-$0.72	-5.23%
BRP Inc	$96.66	-$5.16	-5.07%
SNC-Lavalin Group Inc	$31.78	-$1.42	-4.28%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Devon Energy Corp	$31.66	$5.10	19.20%
Schlumberger NV	$36.42	$5.09	16.25%
Marathon Oil Corp	$13.80	$1.69	13.96%
APA Corp (US)	$23.42	$2.62	12.60%
Occidental Petroleum Corp	$29.14	$3.18	12.25%
Pioneer Natural Resources Co	$170.30	$18.11	11.90%
Halliburton Co	$24.72	$2.27	10.11%
Ford Motor Co	$15.97	$1.44	9.91%
Nov Inc	$17.66	$1.54	9.55%
EOG Resources Inc	$87.46	$7.12	8.86%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Darden Restaurants Inc	$134.15	-$9.08	-6.34%
Abbott Laboratories	$109.29	-$7.36	-6.31%
L Brands Inc	$65.71	-$4.16	-5.95%
Enphase Energy Inc	$134.70	-$8.35	-5.84%
Gap Inc	$31.60	-$1.85	-5.53%
Ross Stores Inc	$119.47	-$6.92	-5.48%
Zimmer Biomet Holdings Inc	$159.13	-$9.20	-5.47%
Ulta Beauty Inc	$326.62	-$18.74	-5.43%
Alaska Air Group Inc	$65.45	-$3.75	-5.42%
Danaher Corp	$242.27	-$13.87	-5.42%

Source: Refinitiv

IN THE NEWS

U.S. and Canadian News

Monday May 31st, 2021

- **OECD raises outlook for Canadian economic growth this year**
  The Paris-based think tank says it now expects the Canadian economy to grow by 6.1 per cent this year. The prediction is up from an estimate for growth of 4.7 per cent that the OECD made in March. The OECD says growth in Canada for 2022 is forecasted at 3.8 per cent compared with a March estimate of four per cent.
- **Dye & Durham gets $3.4B offer from management group**
  Canadian software provider Dye & Durham Ltd. will review its options after a shareholder group led by management offered to buy the company for about $3.4 billion, less than a year after it went public.

Tuesday June 1st, 2021

- **U.S. manufacturing sector picks up in May**
  The Institute for Supply Management (ISM) said its index of national factory activity increased to a reading of 61.2 last month from 60.7 in April. Economists had forecast the index rising to 60.9 in May.
- **U.S. construction spending rises moderately in April**
  The Commerce Department said that construction spending rose 0.2% after surging 1.0% in March. Economists had forecast construction spending gaining 0.5%. Construction spending, jumped 9.8% on a year-on-year basis in April.
- **U.S. consumer confidence little changed in May**
  The Conference Board said its Consumer Confidence Index dipped to a reading of 117.2 this month, following a reading of 117.5 in April. Economists had forecast a reading of 119.2 in May.
- **Housing boom helps prop up 5.6% annualized growth in Canada**
  Gross domestic product expanded at a 5.6 per cent annualized rate in the three-month period, after a revised 9.3 per cent pace at the end of last year. That's slightly below the 6.8 per cent median forecast of economists. Housing investment grew at an annualized 43 per cent pace, easily the biggest driver of growth.
- **Canadian factory activity dips for 2nd month but stays near record pace**
  The IHS Markit Canada Manufacturing Purchasing Managers' index (PMI) dipped to a seasonally adjusted 57.0 in May from 57.2 in April. The level was 58.5 in March, the highest reading in the 10-1/2-year history of the survey.

Wednesday June 2nd, 2021

- **Amid hiring troubles, rising prices, U.S. growth gains speed - Fed**
  Growth was at a "somewhat faster rate" from early to late May the Fed reported in its Beige Book summary of anecdotal reports about the economy, with officials noting "the positive effects on the economy of increased vaccination rates and relaxed social distancing measures.
- **Canada Building Permits Slip 0.5% in April**
  The total value of building permits in April dropped 0.5% on a month-over-month basis to a seasonally adjusted 11.11 billion Canadian dollars. Market expectations for April were for a deeper 5% decline. The previous month's data were revised higher and now indicate permits issued climbed 7.6% versus an earlier estimate of a 5.7% advance.
- **Brookfield hikes hostile offer for Inter Pipeline, blasts board**
  Brookfield Infrastructure Partners L.P. announced its intent to take a sweetened hostile offer of $19.75 per share directly to Inter Pipeline's investors. The move comes one day after Pembina Pipeline Corp. announced it had agreed to scoop up the midstream player in a friendly all-stock deal worth $19.45 based on Monday's closing price.

Thursday June 3rd, 2021

- **U.S. weekly jobless claims fall below 400,000; private payrolls rise solidly**
  Initial claims for state unemployment benefits fell 20,000 to a seasonally adjusted 385,000 for the week ended May 29. That was the lowest since mid-March 2020. Economists had forecast 390,000 applications for the latest week. The ADP National Employment Report showed private payrolls increased by 978,000 jobs, the biggest increase since June last year, after rising 654,000 in April. Economists had forecast private payrolls would increase by 650,000 jobs in May.
- **U.S. service sector index at record high in May**
  The Institute for Supply Management (ISM) said its non-manufacturing activity index rebounded to 64 last month, the highest reading in the series' history, from 62.7 in April. Economists had forecast the index climbing to 63.0.
- **Toronto home prices hit record $1.1M despite sales slump**
  The average price of all homes sold across the Greater Toronto Area (GTA) reached $1,108,453 last month, according to data released by the Toronto Regional Real Estate Board (TRREB). The previous record was set in March, at just shy of $1.1 million. Almost 12,000 properties traded hands across the GTA last month; while that represented a 160 per cent surge from a year earlier, it was a downturn from April when 13,663 homes were sold.

Friday June 4th, 2021

- **U.S. job growth picks up; wages increase solidly**
  Nonfarm payrolls increased by 559,000 jobs last month. Data for April was revised slightly up to show payrolls rising by 278,000 jobs instead of 266,000 as previously reported. Economists had forecast 650,000 jobs created in May. The unemployment rate fell to 5.8% from 6.1% in April. Average hourly earnings increased a solid 0.5% after shooting up 0.7% in April. That raised the year-on-year increase in wages to 2.0% from 0.4% in April.
- **Canada suffers second labour market setback ahead of reopening**
  The economy lost 68,000 jobs in May, Statistics Canada reported. That adds to the 207,100 positions lost in April. The unemployment rate rose to 8.2 per cent, from 8.1 per cent. Economists had predicted a loss of 25,000 jobs, with a jobless rate of 8.2 per cent.

Click on title to view the full story.

IN THE NEWS

International News

Monday May 31st, 2021

- **China's factory activity grows at slightly slower pace as raw materials costs surge**
  The official manufacturing Purchasing Managers' Index (PMI) inched lower to 51.0 in May, against analyst expectations that it would remain unchanged from April at 51.1. In the services sector, activity expanded for the 15th straight month, and at a faster pace, with the non-manufacturing PMI index rising to 55.2 from 54.9 the month before.
- **OECD raises growth forecasts on vaccine rollouts, U.S. stimulus**
  The global economy is set to grow 5.8% this year and 4.4% next year, the Organisation for Economic Cooperation and Development said, raising its estimates from 5.6% and 4.0% respectively in its last forecasts released in March.
- **S.Korea April factory output unexpectedly declines from March**
  From March, industrial production fell by a seasonally adjusted 1.6%, the biggest contraction since May last year and missing a gain of 1.5% forecast in a Reuters survey. However, on a yearly basis, factory output surged 12.4%, the fastest growth since October 2018.

Tuesday June 1st, 2021

- **Brazil economy rebounds to pre-pandemic level, beating forecasts**
  Brazil's economy expanded by 1.2% in the first quarter, data showed on Tuesday, a faster rise than economists had expected, as rebounding services and investments took Latin America's largest economy to its pre-pandemic size at the end of 2019.
- **South Africa's unemployment rate reaches new record high in first quarter**
  South Africa's unemployment rate rose to a new record high of 32.6% in the first quarter of 2021 from 32.5% in the final quarter of 2020. The rate was the highest since the quarterly labour force survey began in 2008.
- **New orders drive record surge in UK manufacturing in May**
  Ifo business climate index readout showed a jump to 99.2, up from April's revised 96.6 and beating the 98.2 forecast of analysts. In the first quarter, GDP contracted by 1.8% quarter on quarter and by 3.1% on the year.
- **Euro zone factory growth, input costs hit record highs in May**
  IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 63.1 in May from April's 62.9, above an initial 62.8 "flash" estimate and the highest reading since the survey began in June 1997.
  rights to the use of some communal land.
- **UK house prices rise by most in almost seven years**
  British house prices rose by 10.9% in May compared with the same month last year, the biggest annual increase in nearly seven years. House prices were 1.8% higher than in April.
- **Euro-Area Inflation Rate Hits 2% for First Time Since 2018**
  Consumer prices rose an annual 2% in May, more than economists predicted, with energy the biggest gainer from a year ago when the region was in full lockdown. Germany, Spain and Italy -- three of the four largest euro-zone economies -- all reported increases. Core inflation, a less volatile measure that excludes volatile items such as food or fuels, was 0.9% in May.

Wednesday June 2nd, 2021

- **U.K. to begin process to join Trans-Pacific trade partnership**
  Member nations of a Pacific regional trade deal agreed Wednesday to allow the U.K. to begin the process to join in a potential boost for the country's trade following Brexit.

Thursday June 3rd, 2021

- **Russian National Wealth Fund to abandon all assets in U.S. dollars**
  Russia's National Wealth Fund (NWF) will sell off all its U.S. dollar assets, increasing the share of its holdings in euros, Chinese yuan and gold, Finance Minister Anton Siluanov said on Thursday, with the changes expected within a month.
- **Euro zone business growth soared in May as restrictions eased - PMI**
  IHS Markit's final composite Purchasing Managers' Index (PMI), seen as a good gauge of economic health, jumped to 57.1 last month from April's 53.8, its highest level since February 2018. May's final reading was ahead of a preliminary 56.9 indication. An index covering the service industry soared to a near three-year high of 55.2 from 50.5, just beating the 55.1 flash estimate.
- **UK to see 'eye-popping' growth after services PMI hits 24-year high**
  The IHS Markit/CIPS Purchasing Managers' Index rose to 62.9 in May from 61.0 in April, taking it to its highest since May 1997 and above an initial estimate of 61.8.
- **China's services activity growth slows in May - Caixin PMI**
  The Caixin/Markit services Purchasing Managers' Index (PMI) fell to 55.1 in May, down from 56.3 in April but still well in expansionary territory.

Friday June 4th, 2021

- **China proposes 'appropriate reduction' to stamp duty**
  Zang Tiewei, spokesperson for the Legislative Affairs Commission of the National People's Congress (NPC) Standing Committee told that the government had proposed to further clarify the scope of stamp tax collection, and improve the tax preferential regulations.
- **Indian shares edge higher after central bank holds rates steady**
  The Reserve Bank of India (RBI) held the repo rate — its key lending rate — at a record low of 4%, while the reverse repo rate — the borrowing rate — was unchanged at 3.35%.

Click on title to view the full story.

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Bank of Nova Scotia	BNS	Sector Perform	Sector Perform	**C$84.00**	**C$81.00**
Canadian Western Bank	CWB	Sector Perform	Sector Perform	**C$39.00**	**C$37.00**
Capital Power Corporation	CPX	**Outperform**	**Restricted**	**C$45.00**	**Restricted**
Dream Industrial REIT	DIR.UN	**Outperform**	**Restricted**	**C$15.50**	**Restricted**
Granite REIT	GRT.UN	**Restricted**		**Restricted**	
Inter Pipeline Ltd.	IPL	Sector Perform	Sector Perform	**C$19.00**	**C$18.00**
Killam Apartment REIT	KMP.UN	**Outperform**	**Restricted**	**C$22.00**	**Restricted**
Laurentian Bank	LB	Sector Perform	Sector Perform	**C$45.00**	**C$41.00**
North American Construction Group Ltd.	NOA	**Outperform**	**Restricted**	**C$23.00**	**Restricted**
Nuvei Corporation	NVEI	**Restricted**		**Restricted**	
Saputo Inc.	SAP	Sector Perform	Sector Perform	**C$41.00**	**C$40.00**

STRATEGIC LIST - WEEKLY UPDATE

(May 31st – June 4th)

No Changes this Week:

Comments:

Financials (Overweight)

Canadian Banks

NBF: Q2/2021 Earnings Recap: The Big 6 reported a cumulative $120 mln of loan losses this quarter (loss rate of 3 bps vs. 20 bps during Q1/21). While performing provision reversals were a big part of this outcome, amounting to $2.1 bln across the sector, lower losses on impaired loans were also a major driver. Besides BNS and TD, the Big-6 all reported impaired losses below NBF total quarterly provision forecast, with expectations that low losses will persist for the next few quarters. Except for TD, all banks reported positive Y/Y P&C segment revenue growth and four of six banks are within 5% of their pre-COVID PTPP levels. In terms of volumes, commercial lending rebounded across the board, supplementing pre-existing strength in mortgages. Assuming top line momentum can be maintained, NBF sees more flexibility for banks to accommodate higher investment spending that may be needed to better position for the recovery. At 12.8%, the sector's CET 1 ratio translates to ~$37 bln of excess capital (excl. ECL) that represents ~6% of the sector's market capitalization. Although the weight of excess capital wasn't apparent relative to a Q2/21 sector ROE average of 18%, deployment plans are an investor focus. Banks that are currently sporting (forecasted) sub-40% payout ratios over the next 12 months include BMO, NA and RY. NBF also expects buyback activity to outpace historical norms, if/when OSFI removes capital distribution restrictions later this year. At 11.2x forward earnings, the sector is trading slightly below where it normally trades in Year 1 of an economic recovery. NBF believes that improving growth dynamics coupled with capital distribution catalysts and prospects of more material provision releases in the second half will add further momentum to bank stocks as we enter a seasonally strong performance period. NBF top picks, in alphabetical order, are BMO, CM and RY.

Utilities (Underweight)

Capital Power Corp. (CPX)

NBF: NBF resumed coverage of CPX following its $288 mln equity financing at $38.45/sh, with net proceeds earmarked for the company's organic growth program, including $1.9 bln in flight through 2024, adding 985 MW of clean capacity as well as ~$500 mln of incremental growth commitments targeted for 2021. . Capital Power's transformational shift to a zero-carbon power producer is underpinned by its carbon capture & usage technology (C2CNT) as well as its ~$1.0 bln upgrade at Genesee to become hydrogen capable. Meanwhile, CPX is currently assessing a $1.6 bln investment related to carbon capture & storage (CCS) at Genesee 1 & 2, which would support the permanent sequestration of 3.0 million tonnes of CO2 annually. The company plans on applying similar carbon reduction technologies across its larger gas plants (i.e., Goreway, Decatur, Arlington) as it seeks to align its operations with the new emission reduction targets outlined by both Canadian and U.S. governments, which have pledged to be 40-45% and 50-52% below 2005 levels by 2030. Meanwhile, after posting an average price of $95/MWh through Q1/21, the Alberta spot power market has remained red hot through Q2/21 averaging $92.50/MWh. Recall, CPX was just 29% hedged coming into 2021 and 27% hedged for 2022. Looking at forward prices, NBF notes the curve has moved up to average ~ $67/MWh through 2022 versus our long-term $54/MWh assumption, implying ~$13/sh (30%) valuation upside. With modest dilution to NBF estimates, offset by the improved balance sheet / liquidity position, NBF's target remains unchanged at $45.00 and NBF continues to view CPX as best positioned for a valuation re-rate alongside the clean energy transition theme with visibility towards renewables/ zero-emitting generation surpassing >50% of EBITDA by 2024e.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**4.9**	**Market Weight**
Quebecor Inc.	QBRb.TO	29-Nov-18	$ 28.70	$ 33.12	3.4	0.5		
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 63.08	3.2	0.5		
Consumer Discretionary							**4.1**	**Market Weight**
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 53.94	0.4	0.6		
Gildan Activewear Inc.	GIL.TO	20-May-21	$ 42.72	$ 44.13	1.7	1.9		
Consumer Staples							**3.6**	**Market Weight**
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	$ 30.09	$ 44.85	0.8	0.7		
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 75.29	1.8	0.3		
Energy							**12.9**	**Market Weight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 11.38	0.6	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 47.17	7.1	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 30.58	2.1	1.4		
Financials							**31.4**	**Overweight**
Bank of Montreal	BMO.TO	25-Mar-21	$ 112.23	$ 128.00	3.3	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 13.51	1.9	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 569.78	2.2	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 171.15	2.0	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 126.21	3.4	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	$ 57.07	$ 65.21	3.4	1.4		
Health Care							**1.3**	**Market Weight**
Industrials							**11.9**	**Market Weight**
Lifeworks Inc.	LWRK.TO	26-Sep-19	$ 32.72	$ 33.58	2.3	0.7		
Stantec Inc.	STN.TO	20-May-21	$ 53.96	$ 53.87	1.2	0.7		
Toromont Industries Ltd	TIH.TO	05-Dec-19	$ 67.24	$ 108.05	1.6	0.7		
Information Technology							**9.1**	**Underweight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 135.50	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 58.68	1.7	0.9		
Materials							**13.1**	**Overweight**
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	$ 27.00	$ 85.37	2.0	0.5		
SSR Mining Inc.	SSRM.TO	30-Jan-20	$ 23.81	$ 21.65	1.1	0.6		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 29.85	0.7	1.2		
REITs							**3.2**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 56.19	2.5	0.7		
RioCan REIT	REI_u.TO	23-Aug-18	$ 19.95	$ 21.49	4.5	1.2		
Utilities							**4.6**	**Underweight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 38.88	5.3	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 20.55	3.5	0.8		

Source: Refinitiv (Priced June 4, 2021 after market close)

* R = Restricted Stocks - Stocks placed under restriction while on The NBF Strategic List will remain on the list, but noted as Restricted in accordance with compliance requirements

Week Ahead

THE ECONOMIC CALENDAR

(June 7th – June 11th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
7-Jun	15:00	Consumer Credit	Apr	25.84B	20.00B	USD
8-Jun	06:00	NFIB Business Optimism Idx	May	99.80		Index
8-Jun	08:30	**International Trade $**	Apr	-74.4B	-69.0B	USD
8-Jun	10:00	**JOLTS Job Openings**	Apr	8.123M		Person
9-Jun	10:00	**Wholesale Sales MM**	Apr	4.6%		Percent
9-Jun	10:30	EIA Wkly Crude Stk	31 May, w/e	-5.080M		Barrel
10-Jun	08:30	Core CPI MM, SA	May	0.9%	0.4%	Percent
10-Jun	08:30	Core CPI YY, NSA	May	3.0%	3.4%	Percent
10-Jun	08:30	**CPI MM, SA**	May	0.8%	0.4%	Percent
10-Jun	08:30	CPI YY, NSA	May	4.2%	4.6%	Percent
10-Jun	08:30	**Initial Jobless Clm**	31 May, w/e	385k	368.00k	Person
10-Jun	08:30	Jobless Clm 4Wk Avg	31 May, w/e	428.00k		Person
10-Jun	08:30	Cont Jobless Clm	24 May, w/e	3.771M		Person
10-Jun	10:30	EIA-Nat Gas Chg Bcf	31 May, w/e	98B		Cubic foot
10-Jun	14:00	Federal Budget,$	May	-226.00B		USD
11-Jun	10:00	**U Mich Sentiment Prelim**	Jun	82.9	84.0	Index

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
8-Jun	08:30	**Trade Balance C$**	Apr	-1.14B		CAD
8-Jun	08:30	Exports C$	Apr	50.62B		CAD
8-Jun	08:30	Imports C$	Apr	51.76B		CAD
9-Jun	06:00	Leading Index MM	May	0.24%		Percent
9-Jun	10:00	**BoC Rate Decision**	9 Jun	0.25%	0.25%	Percent
11-Jun	08:30	Capacity Utilization	Q1	79.2%		Percent

Source : Refinitiv

S&P500 INDEX QUARTERLY EARNINGS CALENDAR

Monday June 7th, 2021

None

Tuesday June 8th, 2021

None

Wednesday June 9th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Campbell Soup Co	CPB	Bef-mkt	0.657
Brown-Forman Corp	BF/B	08:00	0.322

Thursday June 10th, 2021

None

Friday June 11th, 2021

None

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

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday June 7th, 2021

None

Tuesday June 8th, 2021

None

Wednesday June 9th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Dollarama Inc	**DOL**	**07:00**	**0.399**
Transcontinental Inc	TCL.A	Aft-mkt	0.45

Thursday June 10th, 2021

None

Friday June 11th, 2021

None

Source: Bloomberg, NBF Research
*Companies of the S&P/TSX index expected to report. Stocks from the Strategic List are in Bold.

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