

February 12<sup>th</sup>, 2021

## THE WEEK IN NUMBERS (February 8<sup>th</sup> – February 12<sup>th</sup>)

### Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	31,458.40	310.16	1.00%	2.78%	6.92%	23.8
S&P 500	3,934.83	48.00	1.23%	4.76%	16.62%	30.0
Nasdaq Composite	14,095.47	239.18	1.73%	9.37%	45.14%	36.9
S&P/TSX Composite	18,460.21	324.31	1.79%	5.89%	3.59%	20.2
Dow Jones Euro Stoxx 50	3,695.61	39.84	1.09%	4.02%	-3.93%	23.6
FTSE 100 (UK)	6,589.79	100.46	1.55%	2.00%	-11.57%	17.3
DAX (Germany)	14,049.89	-6.83	-0.05%	2.41%	2.21%	24.7
Nikkei 225 (Japan)	29,520.07	740.88	2.57%	7.56%	23.89%	25.1
Hang Seng (Hong Kong)	30,173.57	884.89	3.02%	10.81%	8.81%	16.2
Shanghai Composite (China)	3,655.09	158.76	4.54%	5.24%	25.77%	15.1
MSCI World	2,818.85	45.40	1.64%	4.79%	16.01%	24.2
MSCI EAFE	2,227.70	45.53	2.09%	3.73%	9.54%	19.0

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	240.23	-0.49	-0.20%	3.04%	18.22%	35.7
S&P TSX Consumer Staples	627.31	6.76	1.09%	-0.86%	-4.11%	16.9
S&P TSX Energy	104.44	5.22	5.26%	14.76%	-20.11%	N/A
S&P TSX Financials	318.22	4.21	1.34%	3.90%	-3.76%	12.7
S&P TSX Health Care	90.73	0.74	0.82%	50.84%	29.23%	N/A
S&P TSX Industrials	340.82	4.88	1.45%	3.65%	10.00%	33.9
S&P TSX Info Tech.	202.98	5.73	2.90%	11.31%	49.76%	68.6
S&P TSX Materials	319.84	2.02	0.64%	-0.24%	21.74%	21.8
S&P TSX Real Estate	313.55	3.16	1.02%	5.06%	-16.11%	15.9
S&P TSX Communication Services	167.17	-0.83	-0.49%	2.09%	-10.08%	22.1
S&P TSX Utilities	328.21	-5.80	-1.74%	2.73%	1.94%	18.3

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21E
Oil-WTI futures (US\$/Barrels)	\$59.63	2.78	4.89%	22.90%	15.97%	\$50.00
Natural gas futures (US\$/mcf)	\$2.91	0.05	1.64%	14.61%	59.36%	\$2.60
Gold Spot (US\$/OZ)	\$1,823.20	12.30	0.68%	-3.69%	15.75%	\$1,935
Copper futures (US\$/Pound)	\$3.80	0.16	4.37%	8.08%	44.99%	\$3.55

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21e
Cdn\$/US\$	0.7875	0.0035	0.45%	0.31%	4.48%	0.83
Euro/US\$	1.2118	0.0076	0.63%	-0.78%	11.79%	1.23
Pound/US\$	1.3855	0.0122	0.89%	1.33%	6.21%	1.39
US\$/Yen	104.94	-0.42	-0.40%	1.65%	-4.43%	106

Source: Refinitiv and NBF Research

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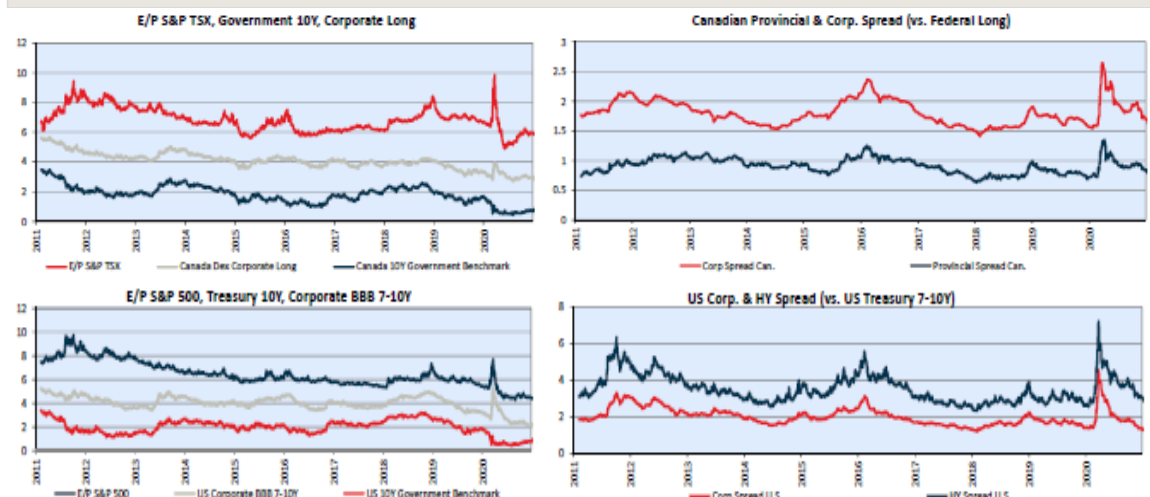
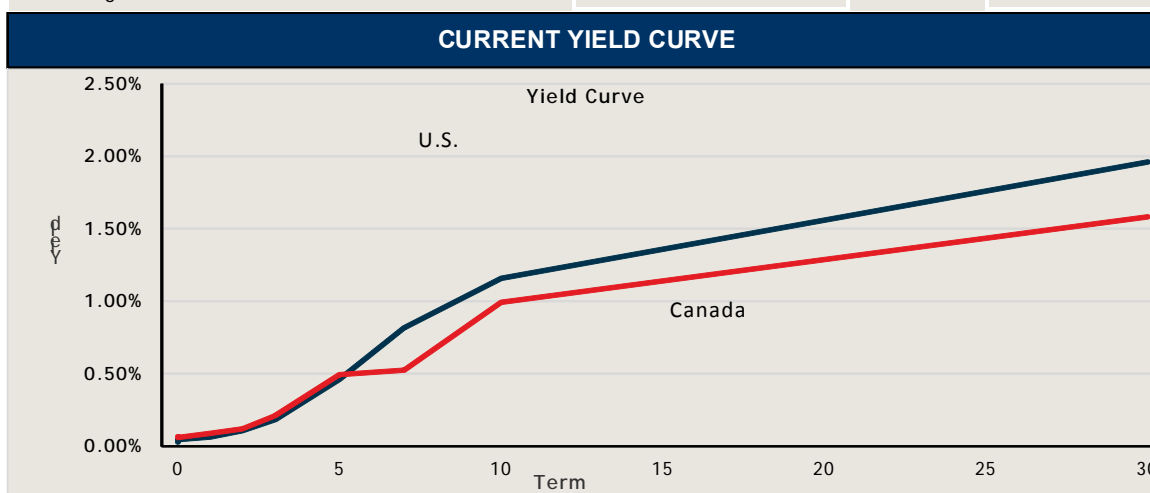
**FIXED INCOME  
NUMBERS**

**THE WEEK IN NUMBERS  
(February 8<sup>th</sup> – February 12<sup>th</sup>)**

Canadian Key Rate	Last	Change 1 month bps	Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.51%
CDA Prime	2.45%	0.0	CDA 10 year	1.03%
CDA 3 month T-Bill	0.08%	-0.7	CDA 20 year	1.32%
CDA 6 month T-Bill	0.10%	-1.0	CDA 30 year	1.60%
CDA 1 Year	0.14%	-1.4	5YR Sovereign CDS	37.9
CDA 2 year	0.19%	-1.9	10YR Sovereign CDS	39.9

US Key Rate	Last	Change 1 month bps	Last	Change 1 month bps
US FED Funds	0-0.25%	0.0	US 5 year	0.47%
US Prime	3.25%	0.0	US 10 year	1.18%
US 3 month T-Bill	0.04%	-0.9	US 30 year	1.97%
US 6 month T-Bill	0.06%	-0.9	5YR Sovereign CDS	12.03
US 1 Year	0.07%	-1.0	10YR Sovereign CDS	21.18
US 2 year	0.11%	-1.5		

CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	-0.20%	-1.80%
FTSE Short Term Bond Index	-0.01%	0.03%
FTSE Mid Term Bond Index	-0.10%	-0.92%
FTSE Long Term Bond Index	-0.51%	-4.64%



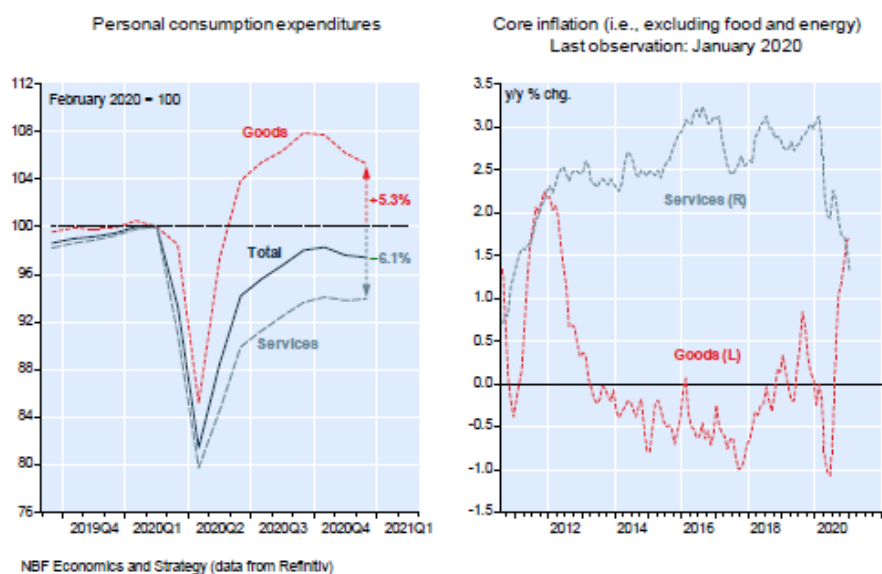
## WEEKLY ECONOMIC WATCH

**CANADA - Nominal wholesale trade** fell for the first time in eight months in December, retracing 1.3% to C\$66.5 billion. Sales decreased in the three largest subsectors, namely machinery/equipment (-3.1%), food/beverages (-1.3%) and motor vehicles/parts (-4.3%). These drops were only partially offset by a 2.9% gain in the miscellaneous segment. In volume terms, sales were down 1.1% in the month, but still expanded an annualized 5.4% in Q4 as a whole. Year on year, sales volumes were only down 0.9% in 2020 despite the impacts of the pandemic.

**UNITED STATES - The Consumer Price Index** increased 0.3% in January, in line with consensus expectations. It had climbed 0.2% each of the two previous months. The energy component sprang 3.5% thanks in part to a 7.4% jump in the gasoline segment. The cost of food, meanwhile, rose 0.1% on a 0.3% advance in the “food away from home” category. The core CPI, which excludes food and energy, was flat month on month (analysts were calling for a 0.2% increase). Prices for ex-energy services were flat as gains for medical care (+0.5%) and shelter (+0.1%) were more than offset by a 0.3% decline in the transportation category. Prices for core goods, instead, edged up 0.1% on steep increases for apparel (+2.2%) and tobacco/smoking products (+1.8%). Alternatively, there were drops for both new (-0.5%) and used vehicles (-0.9%). Year on year, headline inflation clocked in at 1.4% (unchanged from December), as did core CPI (down two ticks from December).

The steadiness of core inflation for a second straight month may be related to the persistently high number of COVID-19 cases in the United States, which forced several states to maintain social distancing measures. Headline prices, instead, continued to benefit from the mounting cost of energy. Until the pandemic is brought under control, economic recovery will be lop-sided, with the goods sector by far outperforming the services sector, which is more heavily affected by social distancing requirements. The shift in consumer spending towards goods will likely continue to affect inflation data. In January, the increase in core goods inflation was the largest since 2012, whereas the increase in core services inflation was the smallest in more than nine years.

### United States: Atypical consumer behaviour reflected in CPI data



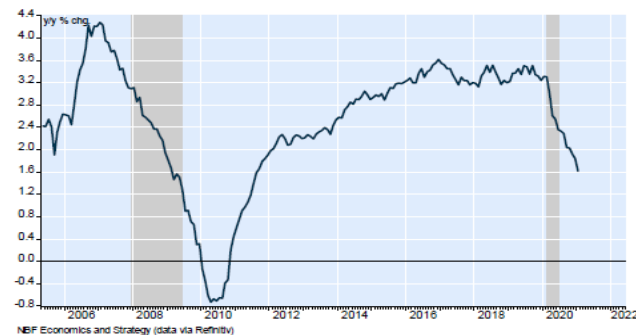
We expect prices in the services category to recover rather quickly once vaccines become available to a larger portion of the population. Goods prices, on the other hand, might not return to their pre-pandemic trend quite as quickly. Indeed, recent ISM PMI reports indicate that supply chain disruptions are already plaguing the manufacturing sector, a situation that is exerting upward pressure on input/output prices. A broader re-opening of the economy would exacerbate these problems. The U.S. dollar's depreciation and rising commodity prices are other factors that might support goods prices going forward.

United States: Pressures mounting on factory supply chains  
ISM Manufacturing, Last observation: January 2021



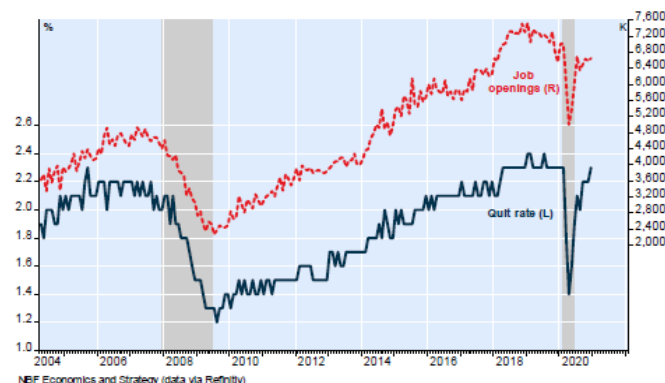
A rebound can be expected also in the shelter component, which accounts for almost one third of the total CPI. Housing costs have fallen over the past year but, unlike what happened in previous recessions, the decline is attributable not to a weak residential sector but to federal COVID emergency measures, notably the moratorium on tenant evictions. Indeed, unpaid rent that landlords forbear from collecting is counted as a rent reduction for CPI purposes. There will likely be some catch-up once the moratorium is lifted, especially considering the current strength of the residential sector. In light of these factors, we expect headline inflation to reach 2% by the end of this year, that is, way sooner than what the Fed is currently projecting (not before 2023).

United States: Cost of housing artificially low  
Consumer Price Index, shelter component



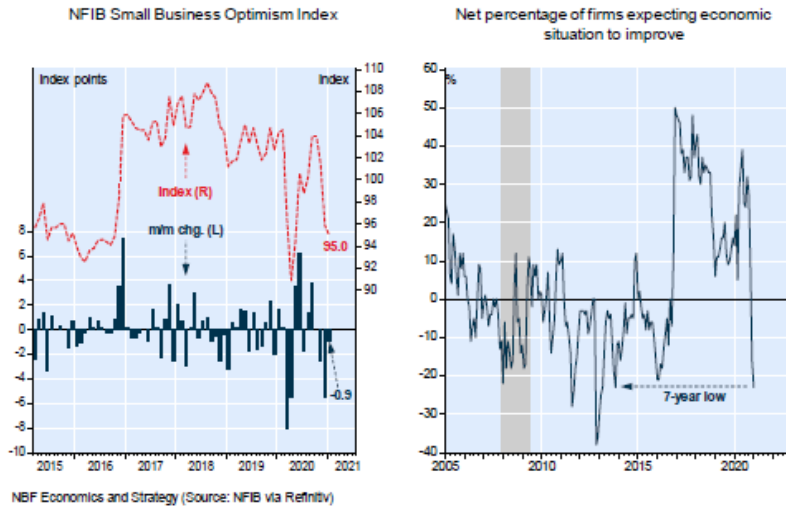
The **Job Openings and Labor Turnover Survey (JOLTS)** showed that positions waiting to be filled rose from 6,572K in November to a five-month high of 6,646K in December. Despite this gain, job openings remained down roughly 5.0% on their pre-pandemic level. Based on these figures, the ratio of job offers to unemployed person in the United States was 0.62. Although this was well below the historic high of 1.23 attained before the crisis, it was still far above the low of 0.16 reached at the height of the 2008-09 recession. Gains in professional/business services (+296K), retail trade (+62K), and finance/insurance (+17K) in December were offset only in part by declines in leisure/hospitality (127K) and construction (-37K). The JOLTS report also showed 5,539 hires, down significantly from 5,935K the prior month to the lowest level that they have been at in eight months. The marked increase in COVID cases during the month likely contributed to this drop. There were 5,460K separations reported, 1,812K of which were layoffs or discharges. The quit rate (number of voluntary separations/total employment), for its part, stayed put at 2.3%, which is just one tick below its pre-pandemic peak. The rebound in quits is encouraging in that it may reflect growing confidence among employees and stiffer competition among employers.

United States: Job openings stabilizing after plunging in spring  
Job openings vs. quit rate (number of voluntary separations/total employment)



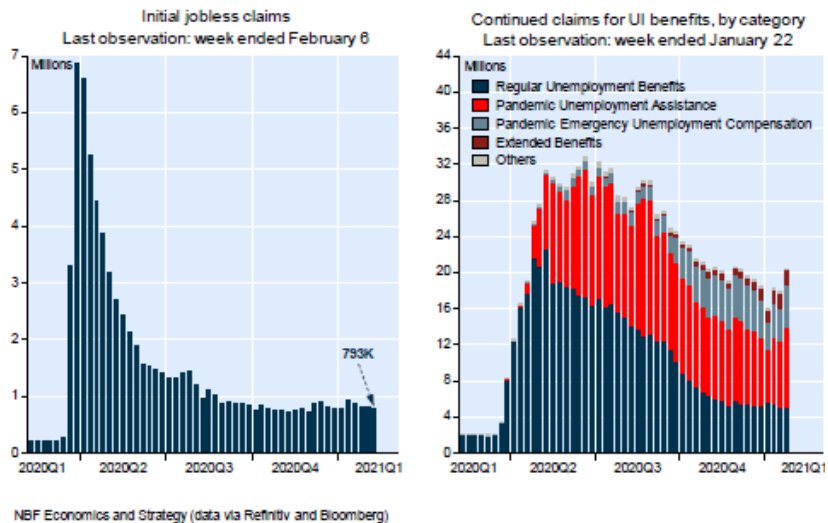
The **NFIB Small Business Optimism Index** edged down 0.9 point in January to an eight-month low of 95.0. The net percentage of polled firms that expected the economic situation to improve dropped sharply, from -16% to a seven-year low of -23%. This was not really surprising in light of the surge in COVID-19 cases across the country and the toughening of social-distancing measures in some states. The ratio of businesses planning to hire in the coming months (17%) remained unchanged, as did the percentage of businesses planning capital investments (22%). Sales expectations, meanwhile, sank deeper into negative territory (from -4% to -6%). Given the more somber outlook, the ratio of businesses that deemed now to be a good time to expand remained relatively depressed at just 8%.

**United States: Small business confidence falls to 8-month low**



**Initial jobless claims** continued to trend down in the week to February 6, falling from 812K to a five-week low of 793K. Continued claims, meanwhile, eased from 4,690K to 4,545K, their lowest level since March. We must add to these the roughly 13.5 million people who received benefits in the week ended January 22 under the emergency programs introduced during the pandemic (Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation). Yearend confirmation that the programs were extended until mid-March was no doubt greeted as a lifesaver by the millions of people who remain unemployed because of the pandemic.

**United States: Initial jobless claims lowest in 5 weeks**



## MONTHLY EQUITY MONITOR – FEBRUARY 2021

### Highlights

- After jumping out of the gates in early January, the MSCI ACWI stumbled in the latter part of the month. A showdown between retail investors and some hedge funds revealed large speculative positions, deemed unsustainable, in the stock of certain companies (among which Gamestop). Financial conditions have since normalized, collateral damage has been limited.
- Among the main regions of the equity world, we note the outperformance of emerging markets, led by a whopping 10.2% year-to-date gain in EM Asia. The fiscal and monetary stimuli of the OECD countries, skewed to support of household spending, been a boon to the EM economies, where the bulk of manufactured goods are produced. The EM economies have entered the expansion phase of the economic cycle while the OECD economies remain in the recovery phase.
- The new U.S. President wants to deploy a \$1.9-trillion stimulus package in the coming months. If the Federal Reserve can maintain its current pace of easing, real interest rates will be negative for the foreseeable future, supporting economic recovery and P/E ratios above the historical norm if earnings continue to be revised upward as is now the case. But the size of the Biden stimulus may complicate things if inflation expectations don't soon stabilize and push the 10-year Treasury yield well above the S&P 500 dividend yield of 1.5%.
- The S&P/TSX continues to do well early in 2021, reaching a new record on February 5. Despite the recent rise of Canadian equities, the 12-month forward P/E of the S&P/TSX remains well below that of the S&P 500, at 17 versus 23. We expect that this valuation gap – the largest on record – will narrow in the coming months.
- We are tweaking our asset mix this month in anticipation of a much larger fiscal stimulus than we had expected in the U.S. and a tangible reduction in new Covid cases. We are raising our exposure to equity markets by reducing our cash position from overweight to underweight. The redeployment goes to Emerging Markets, whose growth prospects and valuations remain attractive in our view.
- This month we shift our recommended S&P/TSX allocations as follows: packaging and golds from market weight to overweight, forest products from underweight to market weight and utilities from market weight to underweight. ([Full report](#))

NBF Asset Allocation			
	Benchmark (%)	NBF Recommendation (%)	Change (pp)
<b>Equities</b>			
Canadian Equities	20	23	
U.S. Equities	20	18	
Foreign Equities (EAFE)	5	4	
Emerging markets	5	9	+2
<b>Fixed Income</b>			
Cash	5	4	-2
<b>Total</b>	<b>100</b>	<b>100</b>	

NBF Economics and Strategy

NBF Market Forecast			
Canada			
	Actual	Q42021 (Est.)	
Index Level	Feb-05-21	Target	
S&P/TSX	18,136	19,000	
<b>Assumptions</b>			Q42021 (Est.)
Level:	Earnings *	708	1060
	Dividend	530	793
PE Trailing (implied)	25.6	17.9	
<b>Assumptions</b>			Q42021 (Est.)
10-year Bond Yield	0.72	1.35	

\* Before extraordinary items, source Thomson

NBF Economics and Strategy

NBF Market Forecast			
United States			
	Actual	Q42021 (Est.)	
Index Level	Feb-05-21	Target	
S&P 500	3,887	4,000	
<b>Assumptions</b>			Q42021 (Est.)
Level:	Earnings *	140	170
	Dividend	58	70
PE Trailing (implied)	27.8	23.5	
<b>Assumptions</b>			Q42021 (Est.)
10-year Bond Yield	1.17	1.60	

\* S&P operating earnings, bottom up.

## Fixed Income — February 2021

- Ultimately, we continue to expect a near-term paring of the BoC's QE pace to \$3 billion per week. A weak first quarter characterized by job losses amidst a second round of government-imposed lockdowns may mean the March meeting isn't the right time to pare, even if its from an already too-high pace. That said, by April, we feel the worst of 2021's weakness will be behind us, provinces will have sufficiently reopened so that job gains will resume and the BoC will have the data it needs to confidently step down QE without too much backlash or confusion from onlookers.
- However, while some modest further alleviation may be in order, the BoC is unlikely to make changes large enough to fully "cure" the front-end issues. Indeed, sub-target short-term interest rates are simply an accepted by-product of the Bank's unconventional policy response. Until QE is significantly reduced or eliminated, these front-end dislocations are likely to remain in some form.
- In Powell's current view, we will get a rise to 2% inflation in a few months time thanks to base effects from the depths of the pandemic but that will be transitory. And any pent-up demand-based inflation upon a more full-fledged economic reopening is likely to be temporary as well. However, this is where we, and increasingly the broader market, disagree.
- Taking into account President Lagarde's cautious rhetoric, and considering a more promising growth outlook in the U.S., we expect the ECB will lag significantly behind the Fed when it comes to the normalization of monetary policy. Until then, the ECB will make sure to keep all its options open to ensure a strong recovery in the single currency area. ([Full report](#))

### Forecast dated February 11, 2020

United States						
Quarters	Fed Fund	3 Mth Bill	2YR	5YR	10YR	30YR
02/11/21	0.25	0.04	0.11	0.45	1.13	1.92
Q1/21	0.25	0.05	0.10	0.50	1.20	2.00
Q2	0.25	0.10	0.10	0.60	1.30	2.05
Q3	0.25	0.10	0.15	0.70	1.40	2.10
Q4	0.25	0.15	0.25	0.80	1.45	2.15
Q1/22	0.25	0.20	0.35	0.90	1.55	2.15
Q2	0.25	0.20	0.45	1.00	1.60	2.20
Q3	0.25	0.20	0.60	1.10	1.65	2.20
Q4	0.25	0.20	0.75	1.20	1.70	2.25
Q1/23	0.50	0.45	0.85	1.35	1.75	2.30

Canada						
Quarters	Overnight	3 Mth Bill	2YR	5YR	10YR	30YR
02/11/21	0.25	0.07	0.19	0.49	0.99	1.57
Q1/21	0.25	0.10	0.20	0.55	1.05	1.65
Q2	0.25	0.15	0.20	0.60	1.10	1.70
Q3	0.25	0.15	0.25	0.65	1.20	1.75
Q4	0.25	0.20	0.35	0.70	1.30	1.80
Q1/22	0.25	0.20	0.40	0.80	1.35	1.80
Q2	0.25	0.25	0.45	0.85	1.40	1.85
Q3	0.25	0.25	0.55	0.90	1.45	1.85
Q4	0.25	0.30	0.60	0.95	1.50	1.90
Q1/23	0.25	0.40	0.75	1.05	1.55	1.90

Source: NBF ECONOMIC AND STRATEGY GROUP.

## IN THE NEWS



U.S. and Canadian News



### Monday February 8<sup>th</sup>, 2021

- [Fed's Mester says monetary policy will stay accommodative for 'very long time'](#)

U.S. monetary policy will stay accommodative for a “very long time” because the economy is far from the Federal Reserve’s goals for maximum employment and price stability, Cleveland Fed President Loretta Mester said Monday.

- [U.S. households expect to boost spending, NY Fed survey finds](#)

Expectations for how much spending will grow over the next year rose to a median 4.2%, the highest rate in more than five years. However, the outlook for how much earnings will grow over the next year remained flat at 2.0%.

- [Toronto home prices seen topping \\$1M amid 52% January sales surge](#)

Greater Toronto Area (GTA) home sales jumped 52.4 per cent year-over-year in the month, as 6,928 homes traded hands. The average selling price for all homes sold in the region in January rose 15.5 per cent to \$967,885.

### Tuesday February 9<sup>th</sup>, 2021

- [U.S. job openings rise in December; small businesses desperate for workers](#)

Job openings, a measure of labor demand, rose 74,000 to 6.65 million on the last day of December from 6.572 million. The job openings rate ticked up to 4.5% from 4.4% in November. Layoffs decreased by 243,000 to 1.81 million, lowering the layoffs rate to 1.3% from 1.4% in November.

- [SNC-Lavalin sells oil and gas unit to Blue Water Energy-backed firm](#)

SNC-Lavalin Group said on Tuesday it would sell its underperforming oil and gas business to an energy services company backed by private equity firm Blue Water Energy.

### Wednesday February 10<sup>th</sup>, 2021

- [U.S. consumer prices increase steadily in January](#)

The Labor Department said its consumer price index increased 0.3% last month after climbing a revised 0.2% in December. In the 12 months through January the CPI rose 1.4% after gaining a revised 1.3% December. Economists had forecast the CPI rising 0.3% and increasing 1.5% year-on-year.

- [U.S. January budget deficit hits record \\$163 billion as new aid checks sent out](#)

The U.S. government posted a budget deficit of \$163 billion in January, a record high for the month and a \$130 billion jump from the deficit in the same month last year, as a new round of direct payments to individuals were distributed.

- [Fed's Powell calls for broad national drive to full employment](#)

Invoking post-World War II efforts to reach full employment and pledging continued loose monetary policy to help the process, Federal Reserve Chair Jerome Powell made a broad call for a “society-wide commitment” to get Americans back to work, particularly minorities and those ousted from lower-paying jobs during the pandemic.

- [Canada's Ontario raises pandemic-related spending; sticks to record deficit forecast](#)

The province, which is Canada’s economic engine, forecast a budget deficit of C\$38.5 billion (\$30.3 billion) for the 2020-21 fiscal year, which ends in March, matching its forecast in last November’s budget, a fiscal update showed.

### Thursday February 11<sup>th</sup>, 2021

- [U.S. labor market struggling, but light at the end of tunnel](#)

Initial jobless claims in regular state programs fell by 33,000 to 779,000 in the week ended Jan. 30, the lowest since November. On an unadjusted basis, applications dropped to 816,247.

- [Inter Pipeline soars as Brookfield plots unsolicited \\$5.7B bid](#)

Brookfield Infrastructure Partners L.P. is ready to take a run at Inter Pipeline Ltd., saying it’s planning to launch an unsolicited takeover offer worth \$5.7 billion for the midstream player.

- [Arc Resources, Seven Generations merging in major Montney tie-up](#)

Arc Resources Ltd. and Seven Generations Energy Ltd. announced a tie-up late Wednesday, in a transaction that would bring together a pair of major players in Canada’s Montney region.

### Friday February 12<sup>th</sup>, 2021

- [Lower-income households dim U.S. consumer sentiment](#)

The University of Michigan’s consumer sentiment index slipped to a reading of 76.2 in the first half of this month, attributed entirely to households with incomes below \$75,000. That was down from a final reading of 79 in January. Economists had forecast the index little changed at 80.8.

- [Wholesale trade drops 1.3% to \\$66.5B in December as auto sales fall](#)

Statistics Canada says wholesale trade fell in December for the first time since April amid sharply lower auto sales. The agency says wholesale sales were down 1.3 per cent in December at \$66.5 billion, marking the first monthly decline after seven consecutive increases.



## IN THE NEWS



### International News

#### Monday February 8<sup>th</sup>, 2021

- [German industrial output flat in December](#)  
Industrial output was flat on the month after an upwardly revised increase of 1.5% in the previous month. A Reuters poll had forecast an increase of 0.3%.
- [ECB must keep easy money policy in place despite inflation surge](#)  
The European Central Bank must keep copious stimulus in place as an unexpected surge in inflation last month masks weak underlying dynamics, ECB President Christine Lagarde said.
- [China central bank says monetary policy to be flexible, targeted](#)  
China's central bank said its prudent monetary policy would be flexible, targeted and appropriate, with no sudden shifts, as it pledged to continue with interest rate reform.
- [Taiwan January exports rocket to record high, outlook rosy](#)  
Exports jumped 36.8% from a year earlier to \$34.27 billion in January, the highest monthly figure on record, though it was helped by a low base with the week-long Lunar New Year holiday falling in January last year. Analysts had forecast a rise of 15% for last month.

#### Tuesday February 9<sup>th</sup>, 2021

- [German exports edge up in December on robust China trade](#)  
Seasonally adjusted exports edged up 0.1% on the month after an increase of 2.3% in November. Imports fell 0.1% after an increase of 5.4% in the prior month. The trade surplus expanded to 16.1 billion euros.
- [Number of newborns in China drops 15% in 2020 as coronavirus weighs](#)  
China saw 10.035 million births last year, the ministry said on Monday, compared with 11.79 million in 2019. Of those born last year, 52.7% were boys and 47.3% girls.
- [China's auto sales surged 30% in January, tenth straight monthly gain](#)  
Auto sales in China, the world's biggest market, surged in January with a 30% jump from the same month a year earlier, the tenth month of gains.

#### Wednesday February 10<sup>th</sup>, 2021

- [Germany extends lockdown amid fear of coronavirus variants](#)  
Germany will extend restrictions to curb the spread of the coronavirus until March 7, though schools and hair salons may open sooner, Chancellor Angela Merkel and leaders of the 16 federal states agreed on.
- [Brazil's December retail sales sink historic 6.1% as pandemic, food inflation bite](#)  
The 6.1% monthly fall was second only to April's 17.2% plunge at the height of the initial lockdown and quarantines last year, and far more than the 0.5% decline forecast of economists.

- [China's factory prices snap year-long decline as demand recovers](#)

The producer price index (PPI) rose 0.3% from a year earlier, the National Bureau of Statistics (NBS) said, the fastest pace of increase since May 2019 but slightly lagging a 0.4% gain tipped by analysts. PPI declined 0.4% in December. Consumer prices, however, unexpectedly slipped into deflation in January, the first-time upstream prices have risen faster than downstream costs in more than two years. The consumer price index (CPI) fell 0.3% in January from a year earlier compared with no change tipped by a Reuters poll and a 0.2% rise in December.

#### Thursday February 11<sup>th</sup>, 2021

- [Hong Kong holds scaled-down Lunar New Year fairs amid COVID-19, China crackdown](#)  
Hong Kong's Lunar New Year fairs, usually an opportunity to sell creative merchandise critical of the government alongside festive foods and decorations, are subdued this year amid coronavirus restrictions and a sweeping national security law.
- [Mexico Cuts Key Interest Rate Amid Steady Core Inflation](#)  
Banco de Mexico, led by Governor Alejandro Diaz de Leon, unanimously cut borrowing costs by a quarter point to 4%, after core inflation remained stable in January, despite overall price increases accelerating above expectations. The cut was predicted by 16 of 22 economists.

#### Friday February 12<sup>th</sup>, 2021

- [UK economy slumps by record 10% in 2020 after COVID hit](#)  
Britain's coronavirus-ravaged economy suffered its biggest crash in output in more than 300 years in 2020 when it slumped by 9.9%, but it avoided heading back towards recession at the end of the year and looks on course for a recovery in 2021.
- [Norway's economy weakest in 75 years in 2020, but Q4 shines](#)  
The Norwegian mainland economy contracted by 2.5% last year in what was probably the weakest development since 1945, although the decline was far less severe than in most other European nations. Norway's fourth-quarter mainland GDP, a measure which excludes oil and gas production, expanded by 1.9% from the preceding three months, outpacing a forecast of 1.2% growth.
- [IMF's Georgieva says G7 in "full alignment" on stimulus, vaccines](#)  
International Monetary Fund Managing Director Kristalina Georgieva said on Friday that G7 finance leaders were in "full alignment" on a range of issues from fiscal stimulus to aid for poor countries.

**WEEKLY PERFORMERS – S&P/TSX**

<b>S&amp;P/TSX: LEADERS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
Inter Pipeline Ltd	\$17.43	\$4.20	31.75%
Enerplus Corp	\$6.00	\$1.20	25.00%
SNC-Lavalin Group Inc	\$26.73	\$4.06	17.91%
Seven Generations Energy Ltd	\$8.60	\$1.14	15.28%
ARC Resources Ltd	\$7.90	\$1.00	14.49%
Shopify Inc	\$1,847.20	\$203.35	12.37%
Brookfield Business Partners LP	\$54.10	\$5.82	12.05%
Cameco Corp	\$20.02	\$2.14	11.97%
Westshore Terminals Investment Corp	\$19.14	\$2.04	11.93%
Bausch Health Companies Inc	\$39.68	\$3.82	10.65%

<b>S&amp;P/TSX: LAGGARDS</b>	<b>LAST</b>	<b>CHANGE</b>	<b>%CHG</b>
Innergex Renewable Energy Inc	\$26.87	-\$2.56	-8.70%
Silvercrest Metals Inc	\$12.03	-\$1.02	-7.82%
Ballard Power Systems Inc	\$45.73	-\$3.65	-7.39%
GFL Environmental Inc	\$36.66	-\$2.91	-7.35%
Brookfield Infrastructure Partners LP	\$64.25	-\$4.66	-6.76%
Boralex Inc	\$47.26	-\$3.38	-6.67%
Canopy Growth Corp	\$51.14	-\$3.62	-6.61%
Teranga Gold Corp	\$12.36	-\$0.87	-6.58%
Endeavour Mining Corp	\$26.43	-\$1.82	-6.44%
Agnico Eagle Mines Ltd	\$84.70	-\$5.80	-6.41%

Source: Refinitiv

## WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Twitter Inc	\$71.90	\$15.12	26.63%
Illumina Inc	\$504.76	\$75.85	17.68%
Zebra Technologies Corp	\$477.74	\$70.63	17.35%
HanesBrands Inc	\$18.51	\$2.64	16.64%
Applied Materials Inc	\$116.70	\$15.99	15.88%
KLA Corp	\$331.81	\$43.78	15.20%
Lam Research Corp	\$586.16	\$76.40	14.99%
Live Nation Entertainment Inc	\$84.17	\$9.83	13.22%
Marathon Oil Corp	\$8.97	\$1.03	12.97%
Simon Property Group Inc	\$109.26	\$12.51	12.93%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Akamai Technologies Inc	\$101.59	-\$13.08	-11.41%
Molson Coors Beverage Co	\$44.01	-\$4.97	-10.15%
Newell Brands Inc	\$24.19	-\$1.94	-7.42%
Incyte Corp	\$84.33	-\$5.91	-6.55%
FMC Corp	\$107.68	-\$7.50	-6.51%
Cerner Corp	\$74.95	-\$4.87	-6.10%
Autozone Inc	\$1,146.65	-\$73.78	-6.05%
Pool Corp	\$337.84	-\$21.48	-5.98%
Hasbro Inc	\$91.48	-\$5.80	-5.96%
Equinix Inc	\$709.81	-\$44.48	-5.90%

Source: Refinitiv

## NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Alaris Equity Partners Income Trust.	AD	<b>Restricted</b>		<b>Restricted</b>	
Andlauer Healthcare Group Inc.	AND	<b>Sector Perform</b>	<b>Underperform</b>	C\$36.25	C\$36.25
ARC Resources Ltd.	ARX	Outperform	Outperform	<b>C\$9.00</b>	<b>C\$7.00</b>
Ballard Power Systems Inc.	BLDP	<b>Restricted</b>		<b>Restricted</b>	
Bombardier Inc.	BBD.B	Sector Perform	Sector Perform	<b>C\$0.70</b>	<b>C\$0.80</b>
Brookfield Renewable Partners L.P.	BEP.un	<b>Restricted</b>		<b>Restricted</b>	
BSR REIT	HOM.U	<b>Outperform</b>	<b>Restricted</b>	<b>US\$13.00</b>	<b>Restricted</b>
CRH Medical Corporation	CRH	<b>Tender</b>	<b>Outperform</b>	<b>C\$5.10</b>	<b>C\$4.25</b>
Fairfax Financial Holdings Ltd.	FFH	Outperform	Outperform	<b>C\$600.00</b>	<b>C\$525.00</b>
Finning International Inc.	FTT	Outperform	Outperform	<b>C\$37.00</b>	<b>C\$35.00</b>
First Capital REIT	FCR.un	Sector Perform	Sector Perform	<b>C\$16.50</b>	<b>C\$15.00</b>
Gildan Activewear Inc.	GIL	Outperform	Outperform	<b>C\$40.00</b>	<b>C\$39.00</b>
Great-West Lifeco Inc.	GWO	Sector Perform	Sector Perform	<b>C\$33.00</b>	<b>C\$32.00</b>
Heroux-Devtek Inc.	HRX	Outperform	Outperform	<b>C\$18.50</b>	<b>C\$17.50</b>
iA Financial Corporation Inc.	IAG	Outperform	Outperform	<b>C\$70.00</b>	<b>C\$66.00</b>
Intact Financial Corporation	IFC	Outperform	Outperform	<b>C\$200.00</b>	<b>C\$192.00</b>
Keyera Corp.	KEY	Outperform	Outperform	<b>C\$28.00</b>	<b>C\$29.00</b>
Lightspeed POS Inc.	LSPD	<b>Restricted</b>		<b>Restricted</b>	
Manulife Financial Corporation	MFC	Sector Perform	Sector Perform	<b>C\$27.00</b>	<b>C\$25.00</b>
NanoXplore Inc.	GRA	<b>Outperform</b>	<b>Restricted</b>	<b>C\$5.00</b>	<b>Restricted</b>
New Gold Inc.	NGD	Outperform	Outperform	<b>C\$4.00</b>	<b>C\$4.25</b>
Osisko Mining Inc.	OSK	<b>Outperform</b>	<b>Restricted</b>	<b>C\$6.25</b>	<b>Restricted</b>
Paramount Resources Ltd.	POU	Sector Perform	Sector Perform	<b>C\$10.50</b>	<b>C\$7.00</b>
Pipestone Energy Corp.	PIPE	Sector Perform	Sector Perform	<b>C\$1.50</b>	<b>C\$0.85</b>
PrairieSky Royalty Ltd.	PSK	Sector Perform	Sector Perform	<b>C\$12.00</b>	<b>C\$11.50</b>
Sandstorm Gold Ltd.	SSL	Outperform	Outperform	<b>C\$13.50</b>	<b>C\$14.25</b>
Seven Generations Energy Ltd.	VII	<b>Tender</b>	<b>Outperform</b>	<b>C\$10.00</b>	<b>C\$9.50</b>
Sigma Lithium Resources Corp.	SGMA	<b>Outperform</b>	<b>Restricted</b>	<b>C\$6.25</b>	<b>Restricted</b>
Sun Life Financial	SLF	Outperform	Outperform	<b>C\$69.00</b>	<b>C\$67.00</b>
TELUS Corp.	T	Outperform	Outperform	<b>C\$29.00</b>	<b>C\$28.00</b>
Teranga Gold Corporation	TGZ		<b>Tender</b>		<b>C\$27.25</b>
TFI International Inc.	TFII	Outperform	Outperform	<b>C\$110.00</b>	<b>C\$103.00</b>
TMX Group	X	Sector Perform	Sector Perform	<b>C\$142.00</b>	<b>C\$141.00</b>
Trisura Group Ltd.	TSU	Outperform	Outperform	<b>C\$177.00</b>	<b>C\$161.00</b>

## STRATEGIC LIST - WEEKLY UPDATE

(February 8<sup>th</sup> – February 12<sup>th</sup>)

No Changes this Week

Comments:

Energy (Market Weight)

**Cenovus Energy Inc. (CVE)**

**NBF:** Cenovus reported Q4/20 operating and financial results that were ahead of expectations. Average production of 467.2 mboe/d was in line with NBF expectations of 465.6 mboe/d (consensus: 462.6 mboe/d), boosted by the purchase of production credits and the removal of curtailments in December. Adjusted CFPS of \$0.36 was a beat relative to NBF's of \$0.32 (consensus: \$0.32), which includes a one-time provision adjustment of \$0.08/sh (\$100 million) related to the suspension of KXL. The cash flow beat was primarily attributable to better than expected realized bitumen pricing and stronger refining margins, offset by weaker downstream throughput. CBR was up during the quarter, with December exit volumes of approximately 38 mbbbl/d, including 28 mbbbl/d of its own production and 10 mbbbl/d of third-party volumes. On the downstream front, refinery throughput averaged 338 mbbbl/d (68% utilization), below NBF expectations of 395 mbbbl/d (77% utilization) and the prior quarter of 382 mbbbl/d (77% utilization). However, the lower than expected throughput was slightly offset by stronger downstream margins and a positive LIFO-FIFO adjustment. NBF expects the company to continue to prioritize strengthening the balance sheet with excess FCF as it continues to target a long-term debt level of \$8.0 billion. On NBF's current 2021 estimates, it forecasts \$1.9 billion in FCF (58% payout), with leverage trending to 2.0x compared to >4.0x at the end of last year. Recall, the company recently announced its formal 2021 budget, which will include a capital spend of \$2.3-2.7 billion to support average production of 730-780 mboe/d (LINK). NBF's forecast continues to sit within the company's guidance range. NBF maintained its Outperform rating and target price of \$13.00/sh, which is predicated on a 2022 EV/DACF multiple of 6.0x (unchanged).

**Enbridge Inc. (ENB)**

**Reuters:** Enbridge Inc on Friday forecast higher costs for its long-contested pipeline replacement project, citing regulatory and permitting delays, winter construction and COVID-19 protocols, among other reasons. While the Canadian portion is complete, Enbridge has run into repeated obstacles in Minnesota, where reviews have lasted for about five years. The updated cost also comes at a time when U.S. President Joe Biden has canceled the permit needed to build TC Energy Corp's Keystone XL oil pipeline in a blow to Canada's oil sector, which had already been depressed for years due to high production costs and carbon emissions. Enbridge now estimates capital costs for the Line 3 replacement project, including the Canadian segment already in service, at \$9.3 billion, up from \$8.2 billion. Enbridge said it targeting to put the pipeline in service in the fourth-quarter. The company, which also missed estimates for quarterly profit on Friday, said volumes on its liquids mainline were impacted by reduced refinery demand. On an adjusted basis, Enbridge earned 56 cents per share, while analysts had expected 61 cents per share, according to IBES data from Refinitiv.

Financials (Overweight)

**Fairfax Financial Holdings Ltd. (FFH)**

**NBF:** Q4/20 results: FFH reported operating income of \$315 million, ahead of NBF \$182 million estimate. Net investment gains (incl. realized and unrealized) of \$1.2 billion beat NBF \$980 million net gain forecast. BVPS of \$478.33 increased ~8% q/q from \$442.17 (consensus \$463.83). LTM pre-tax ROE of 1.6% vs. -5.5% last quarter. FFH reported a solid combined ratio of 95.5% in Q4-20, beating the street at 97.4% (NBF 98.4%). Every business unit generated underwriting profit, except Brit. Results included 10%-points of catastrophe losses including \$133 million, or ~4 points of combined ratio, related to COVID-19. Excluding COVID losses, core combined ratio was an even stronger 91.9%. While COVID risk remains, NBF believes the risk is diminishing as the vaccine rollout continues. In addition, it remains encouraging that of the \$669 million COVID losses to date, 51% are reserves for "incurred but not reported". Business interruption and event cancellation represent 35% and 34% of COVID losses to date. On the top line, FFH delivered both net premiums written and net premiums earned of \$3.7 billion, up ~16% y/y and 13% y/y, respectively, and slightly ahead of the street and NBF. FFH reported net gains on equity exposures, bonds, and other instruments of \$1,043 million, \$112 million, and \$81 million, respectively, with an assist from strong markets. On the other hand, non-insurance subs (e.g., retail and restaurants)

## *The Week at a Glance*

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reported operating losses of \$65 million as businesses continue to face COVID-related shutdown impacts. Fairfax announced that on February 10th, OMERS purchased a 14% interest in Brit for cash proceeds of \$375 million, which implies a ~\$2.7 billion valuation. Interestingly, in August 2020, FFH paid OMERS \$220 million cash (inclusive of a \$13.6 million dividend) for the ~10.7% interest FFH didn't already own, which implies a valuation of ~\$2.0 billion at the time. A nice trade on the part of FFH for a business that posted a 114% combined ratio in 2020. Trading below BV at 0.91x, NBF believes the shares reflect good risk-reward. NBF believes diminishing COVID-driven losses, stable leverage, and improving investment performance will support strong near-term results. NBF maintained its view FFH will deliver sustainable long-term ROE of ~10%. NBF applies a 0.9x P/B multiple on our Q4-21 estimate to arrive at its \$600.00 price target (both unchanged). NBF will update its estimates, price target and rating when Fairfax releases full financial statements in early March.

### **Intact Financial Corp. (IFC)**

**NBF:** Q4 2020 results: Operating EPS of \$3.18 was 35% above street \$2.36 (NBF \$2.42) In 2020, IFC posted quarterly EPS beats of 24%, 20%, 31%, and now 35%. Similar to the preceding quarters, solid underwriting profit (\$415 mln vs. street \$287 mln & NBF \$301 mln) on strong current year loss performance in all business lines helped drive the beat. The consolidated combined ratio of 85.6% (street 90.1%) is the lowest on record for a fourth quarter. IFC outperformed in every business line vs. NF combined ratio forecasts (except a modest miss in the U.S.). Distribution EBITA of \$72 mln vs. NBF/street at ~\$50 mln also contributed to the beat. Expenses (30.5% ratio vs. street/ NBF at ~31%) and net investment income (\$143 mln vs. street \$144 mln & NBF \$146 mln) were roughly in line. Q4 results included a small uptick in COVID-19 losses of \$23 mln, or <1%-point of combined ratio. Annualized OROE of 23% exceeded NBF 17.6% forecast and on an LTM basis, IFC generated an ~18% OROE – reaffirming NBF thesis. Debt to total capital ratio increased to 24.1% from 21.2% in Q3, as IFC primes the RSA acquisition. BVPS increased to \$58.79, up 5% q/q from \$56.22. NBF increased its target price to \$200.00 (was \$192.00) implies a ~2.6x multiple (unchanged) on NBF BV estimate (ex. AOCI) in Q421 (plus 1.0x AOCI). The premium to the trading multiple of ~2.5x (~2.0x adjusted for the RSA equity issuance) reflects NBF view that the defensive nature of the business, solid balance sheet, strong underwriting performance, successful integration of RSA with synergy upside, and long-term firming tailwinds in the P&C insurance industry will support IFC generating a mid-teens OROE through 2022 and beyond.

### **Sun Life Financial Corp. (IFC)**

**NBF:** Q4 2020 results: SLF reported underlying EPS of \$1.47, ahead of NBF \$1.38 and consensus of \$1.38. The beat was driven by strong Asset management results. Q4/20's results added to the full-year trend of SLF delivering growth despite challenging conditions (e.g., FY2020 underlying earnings growth of 5%). This quarter, SLF's beat was driven despite the lack of investment yield enhancement gains and a much lower level of AFS gains. These items reduced underlying earnings relative to the normal run-rate by roughly ~\$70 mln (~\$0.12/share). As a side note, there were some positive investment related items during the quarter including the smallest real estate loss over the past three quarters and the first credit gain in the past four quarters. MFS delivered 14% underlying earnings growth, a 41% operating margin and US\$1.5 bln of net inflows, including an eighth consecutive quarter of positive retail inflows. The nascent SLC Management business delivered \$34 mln of earnings, up from \$15 mln the prior year, due mainly to acquisitions. With a 147% LICAT ratio, a 23.5% leverage ratio and \$3.1 bln of holdco liquidity, SLF's balance sheet flexibility is second to none in the group. The company's earnings power, which translates to a 37% 2021E dividend payout ratio, positions it well for hikes if/when OSFI removes capital distribution restrictions. NBF increased its estimates to reflect positive net flows and margin performance at MFS. As a result, NBF target price goes to \$69 from \$67, and is derived by applying a 10.5x P/E multiple and 1.4x P/B multiple.

## **Industrials (Market Weight)**

### **Toromont Industries Ltd. (TIH)**

**NBF:** Q4/20 results: Consolidated revenue came in at \$992 mln (a 3% decline y/y; for reference, in Q4 and Q3 the metric contracted by -13% and -5%, respectively), slightly higher than consensus at \$986 mln (NBF was at \$984 mln). EBITDA (including \$4.1 mln contribution from CEWS and partially offset by an increase of \$2.5 mln in DSU expenses) stood at \$169 mln, again ahead of the Street at \$165 mln (NBF at \$169 mln). Diluted EPS came in at \$1.07 vs. Street at \$1.06 (NBF was at \$1.12). We are once again at a point in time when the company's operational acumen, positioning, capital allocation are all culminating in Enterprise Value being almost = market cap (in fact we arrived at this juncture 6 months earlier than modeled by NBF). The company has always found an accretive way to deploy capital (internally and externally) and NBF sees no reason for this to change. In the meantime, NBF is patiently advocating for investors to keep TIH as one of their core industrial positions - infra spending is coming in Ontario and Quebec, economies are reopening (hence NBF sees better q/q numbers) and commodities are at healthy levels (and NBF sees a nice rebound in backlogs). NBF rates TIH shares Outperform, \$98.00 price target using 22.0x P/E on 2022E forecasts.

### Materials (Market Weight)

#### Agnico Eagle Mines Ltd. (AEM)

**NBF:** Agnico Eagle reported fourth-quarter adjusted net income of US\$162 mln, or US\$0.67 per share, above the street at US\$0.64 and NBF at US\$0.65. The small beat is a reflection of NBF's depreciation estimate proving to be high. NBF was well aligned on sales, total cash costs and AISC figures for the quarter. The company met its target of 480 - 500 koz per quarter for the second half of the year in 3Q20 and exceeded that figure in 4Q20. For 2021, the reported guidance figures and cost adjustments, largely matched NBF estimates. Production was in line with previous 2021 guidance announced in the annual three-year outlook from February 2020. Cash costs increased to US\$700 - 750/oz, up US\$25/oz from the mid-point of the previous outlook, while AISC moved up US\$50/oz to US\$950 - 1,000/oz. Total capital costs of US\$803 mln was a touch high versus NBF at US\$745 mln and above consensus by US\$100 mln. A major capital addition for 2021 was the approval of the Amaruq underground project, which will cost US\$100 mln this year and begin production in early 2022. NBF modeled capex between 1Q21 and 1Q22 for the project at US\$72 mln. The mid-point of production guidance for 2022 stands at 2.10 Moz (unchanged), for 2023 guidance is 2.125 Moz and 2.15 Moz for 2024. The Malartic underground, or the "Odyssey project", has a PEA level study completed that considers the mining of 6.9 Moz with an average diluted grade of 2.82 gpt. Production from the upper Odyssey deposit is expected to begin in late 2023. East Gouldie zone is expected to be commissioned in 2027. Full production of 19,000 tpd is expected in 2031. Total capex is expected to be US\$1.34 bln (100% basis), which does not reflect the benefit of over 0.9 Moz of production during the ramp-up period. After-tax NPV (5% DR) is estimated by the companies at US\$1.14 bln with an IRR of 17.5% using a US\$1,550/oz gold price and a 1.30 CAD. From 2029 to 2039 the project is expected to average production of 545 koz per year. Although the scope of the project is much larger than NBF's current estimates, the overall NPV is well aligned. Agnico Eagle also updated reserves and resources, with reserves up 12%, M&I down 15% and Inferred resources up 9% Y/Y. The Reserve price assumption for operating mines was increased to US\$1,250/oz from US\$1,200/oz. As the Odyssey project resources are infilled NBF would expect this project to add significantly to the reported reserves; however, it will take multiple years to complete the infill work. NBF maintained its Outperform rating and \$109.00 target price.

### Real Estate (Underweight)

#### RioCan Real Estate Investment Trust

**NBF:** REI reported FFO/u of \$0.39 (-16%), versus consensus/NBF of \$0.39/\$0.41 with the variance to NBF primarily due to lower than anticipated condo gains and higher than anticipated G&A. If you strip those out, REI reported \$0.38 down 11% versus NBF \$0.37. Core commercial operations were slightly ahead of NBF forecast. REI posted total SPNOI growth of -7.9% (compared to -9.1% in Q3). Excluding the impact of rent abatements and bad debt expenses, SPNOI was -2.6% this quarter. Occupancy declined in Q4, but within the window of management's previously stated expectations. In-place occupancy declined 140 bps year-over-year (and -50 bps sequentially) to 94.9%, with total committed occupancy down 150 bps year over year to 95.7% (down 30 bps sequentially). REI achieved renewal leasing spreads of +4%, in line with full-year performance. For the quarter, REI collected 94% of gross billed rents, compared to 93% in Q3, and in line with its peers. For Q4, REI provisioned \$9 mln in bad debt expense, which equates to 3.4% of gross rents. This was in line with the level of provisioning seen at SRU (~3%), but higher than what FCR (~1%). NBF suspects REI's provisioning is largely against uncollected rents from tenants that REI identifies as "potentially vulnerable" (consists of tenants that were severely impacted by COVID-19), which is ~21% of REI's net rents. Leverage as of Q4 stood at 45% on a D/GBV basis and 9.5x D/LTM EBITDA (compared to 44.8% and 9.1x in Q3). REI's liquidity remains healthy, with \$1.6 bln of liquidity as of December 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. REI is guiding towards \$500 mln of development capex in 2021. On December 3, REI announced a 33% reduction in its annual distribution. The distribution cut frees up ~\$150 mln in equity capital for development (\$300 mln assuming 50/50 financing). Given REI's liquidity, NBF believes REI should be able to manage its planned development capex through 2021 without severely straining its balance sheet. NBF rates REI Outperform with a \$20.00 target price.

## NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight	
<b>Communication Services</b>								<b>4.9</b>	<b>Market Weight</b>
Quebecor Inc.	QBRb.TO	29-Nov-18	\$ 28.70	\$ 32.51	2.5	0.5			
Rogers Communications Inc.	RCIb.TO	13-Feb-20	\$ 65.84	\$ 57.50	3.5	0.5			
<b>Consumer Discretionary</b>								<b>3.9</b>	<b>Market Weight</b>
Canadian Tire Corp.	CTCa.TO	04-Oct-18	\$ 151.25	\$ 174.14	2.7	1.2			
Dollarama Inc.	DOL.TO	19-Mar-20	\$ 38.96	\$ 48.74	0.4	0.6			
<b>Consumer Staples</b>								<b>3.6</b>	<b>Market Weight</b>
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	\$ 30.09	\$ 39.82	0.9	0.7			
Empire Company Ltd.	EMPa.TO	01-Mar-18	\$ 23.15	\$ 37.98	1.4	0.3			
<b>Energy</b>								<b>11.7</b>	<b>Market Weight</b>
Cenovus Energy Inc.	CVE.TO	16-Jan-20	\$ 12.26	\$ 8.57	0.8	2.5			
Enbridge Inc.	ENB.TO	21-Jan-15	\$ 59.87	\$ 44.01	7.5	0.9			
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	\$ 16.68	\$ 23.26	2.5	1.4			
<b>Financials</b>								<b>29.8</b>	<b>Overweight</b>
Element Fleet Management Corp	EFN.TO	02-Apr-20	\$ 8.58	\$ 12.23	2.1	1.2			
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	\$ 585.81	\$ 512.88	2.5	0.9			
Intact Financial Corp.	IFC.TO	11-Jun-20	\$ 130.04	\$ 149.24	2.2	0.8			
Royal Bank of Canada	RY.TO	19-Jun-13	\$ 60.69	\$ 106.20	4.1	0.9			
Sun Life Financial	SLF.TO	10-Dec-20	\$ 57.07	\$ 62.00	3.5	1.4			
Toronto Dominion Bank	TD.TO	31-Jul-12	\$ 39.46	\$ 75.42	4.2	0.8			
<b>Health Care</b>									<b>Market Weight</b>
<b>Industrials</b>								<b>12.2</b>	<b>Market Weight</b>
Morneau Shepell Inc.	MSI.TO	26-Sep-19	\$ 32.72	\$ 32.05	2.5	0.7			
Toromont Industries Ltd	TIH.TO	05-Dec-19	\$ 67.24	\$ 92.95	1.6	0.8			
WSP Global Inc.	WSP.TO	10-Sep-20	\$ 88.54	\$ 115.40	1.3	1.0			
<b>Information Technology</b>								<b>11.0</b>	<b>Underweight</b>
Kinaxis Inc.	KXS.TO	19-Mar-20	\$ 100.05	\$ 176.60	0.0	0.7			
Open Text Corp.	OTEX.TO	26-Oct-16	\$ 41.61	\$ 60.93	1.7	0.9			
<b>Materials</b>								<b>13.1</b>	<b>Overweight</b>
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	\$ 27.00	\$ 84.70	2.1	0.4			
SSR Mining Inc.	SSRM.TO	30-Jan-20	\$ 23.81	\$ 21.00	0.0	0.5			
Teck Resources Ltd.	TECKb.TO	01-Nov-17	\$ 27.15	\$ 25.03	0.8	1.1			
<b>REITs</b>								<b>3.1</b>	<b>Underweight</b>
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	\$ 49.82	\$ 51.45	2.7	0.7			
RioCan REIT	REI_u.TO	23-Aug-18	\$ 19.95	\$ 17.99	5.4	1.2			
<b>Utilities</b>								<b>5.1</b>	<b>Underweight</b>
Capital Power Corp.	CPX.TO	22-Aug-19	\$ 30.90	\$ 37.60	5.4	1.2			
Innervex Renewable Energy Inc.	INE.TO	22-Aug-19	\$ 15.00	\$ 26.87	2.5	0.8			

Source: Refinitiv (Priced February 12, 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

(February 8<sup>th</sup> – February 12<sup>th</sup>)

## U.S. Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
16-Feb	08:30	<b>NY Fed Manufacturing</b>	Feb	3.50	5.50	Index
16-Feb	16:00	Overall Net Capital Flows	Dec	214.1B		USD
17-Feb	08:30	PPI Final Demand YY	Jan	0.8%	0.9%	Percent
17-Feb	08:30	<b>PPI Final Demand MM</b>	Jan	0.3%	0.4%	Percent
17-Feb	08:30	PPI exFood/Energy YY	Jan	1.2%	1.2%	Percent
17-Feb	08:30	PPI exFood/Energy MM	Jan	0.1%	0.2%	Percent
17-Feb	08:30	<b>Retail Sales MM</b>	Jan	-0.7%	1.2%	Percent
17-Feb	08:30	Retail Sales Ex-Autos MM	Jan	-1.4%	1.0%	Percent
17-Feb	08:30	Retail Sales YoY	Jan	2.90%		Percent
17-Feb	09:15	<b>Industrial Production MM</b>	Jan	1.6%	0.4%	Percent
17-Feb	09:15	Capacity Utilization SA	Jan	74.5%	74.8%	Percent
17-Feb	09:15	Industrial Production YoY	Jan	-3.58%		Percent
17-Feb	10:00	Business Inventories MM	Dec	0.5%	0.5%	Percent
17-Feb	10:00	NAHB Housing Market Indx	Feb	83	83	Index
17-Feb	16:30	API weekly crude stocks	8 Feb, w/e			Number of
18-Feb	08:30	<b>Building Permits: Number</b>	Jan	1.704M	1.680M	Number of
18-Feb	08:30	Build Permits: Change MM	Jan	4.2%		Percent
18-Feb	08:30	<b>Housing Starts Number</b>	Jan	1.669M	1.654M	Number of
18-Feb	08:30	House Starts MM: Change	Jan	5.8%		Percent
18-Feb	08:30	Import Prices MM	Jan	0.9%	1.0%	Percent
18-Feb	08:30	Export Prices MM	Jan	1.1%		Percent
18-Feb	08:30	Import Prices YY	Jan	-0.3%		Percent
18-Feb	08:30	<b>Initial Jobless Clm</b>	8 Feb, w/e	793k	775k	Person
18-Feb	08:30	Jobless Clm 4Wk Avg	8 Feb, w/e	823.00k		Person
18-Feb	08:30	Cont Jobless Clm	1 Feb, w/e	4.545M		Person
18-Feb	08:30	<b>Philly Fed Business Indx</b>	Feb	26.5	20.0	Index
18-Feb	10:30	EIA-Nat Gas Chg Bcf	8 Feb, w/e	-171B		Cubic foot
18-Feb	10:30	EIA Wkly Crude Stk	8 Feb, w/e	-6.644M		Barrel
19-Feb	09:45	Markit Comp Flash PMI	Feb	58.7		Index (diffusion)
19-Feb	09:45	<b>Markit Mfg PMI Flash</b>	Feb	59.2	58.5	Index (diffusion)
19-Feb	09:45	<b>Markit Svcs PMI Flash</b>	Feb	58.3	57.5	Index (diffusion)
19-Feb	10:00	<b>Existing Home Sales</b>	Jan	6.76M	6.56M	Number of
19-Feb	10:00	Exist. Home Sales % Chg	Jan	0.7%	-2.7%	Percent

## Canadian Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
15-Feb	08:30	<b>Manufacturing Sales MM</b>	Dec	-0.6%		Percent
16-Feb	08:15	<b>House Starts, Annualized</b>	Jan	228.3k		Number of
17-Feb	08:30	<b>CPI Inflation MM</b>	Jan	-0.2%		Percent
17-Feb	08:30	CPI Inflation YY	Jan	0.7%		Percent
17-Feb	08:30	CPI BoC Core YY	Jan	1.5%		Percent
17-Feb	08:30	CPI BoC Core MM	Jan	-0.4%		Percent
18-Feb	08:30	New Housing Price Index	Jan	0.3%		Percent
19-Feb	08:30	<b>Retail Sales MM</b>	Dec	1.3%		Percent
19-Feb	08:30	Retail Sales Ex-Autos MM	Dec	2.1%		Percent

Source : Refinitiv

## S&P/TSX QUARTERLY EARNINGS CALENDAR

### Monday February 15<sup>th</sup>, 2021

None

### Tuesday February 16<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Dream Industrial Real Estate Inv Trust	DIR-U	Aft-mkt	0.185
Emera Inc	EMA	Bef-mkt	0.605
First Quantum Minerals Ltd	FM	Aft-mkt	0.12

### Wednesday February 17<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Exchange Income Corp	EIF	Aft-mkt	0.336
IAMGOLD Corp	IMG	Aft-mkt	0.093
Nutrien Ltd	NTR	Aft-mkt	0.178
Pan American Silver Corp	PAAS	Aft-mkt	0.428
Shopify Inc	SHOP	Bef-mkt	1.213
SSR Mining Inc	SSRM	Bef-mkt	0.556
Summit Industrial Income REIT	SMU-U		0.164
Waste Connections Inc	WCN	Aft-mkt	0.629

### Thursday February 18<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Barrick Gold Corp	ABX	06:00	0.312
<b>Canadian Tire Corp Ltd</b>	<b>CTC/A</b>	<b>Bef-mkt</b>	<b>6.59</b>
Dream Office Real Estate Inves	D-U	Aft-mkt	0.393
First Majestic Silver Corp	FR	Bef-mkt	0.103
Home Capital Group Inc	HCG	Bef-mkt	1.016
Hudbay Minerals Inc	HBM	Aft-mkt	(0.072)
Inter Pipeline Ltd	IPL	Aft-mkt	0.185
Lundin Mining Corp	LUN	Aft-mkt	0.103
Ritchie Bros Auctioneers Inc	RBA	Aft-mkt	0.542
Sienna Senior Living Inc	SIA	Aft-mkt	N/A
Superior Plus Corp	SPB	Aft-mkt	0.325
TC Energy Corp	TRP	Bef-mkt	1.001
<b>Teck Resources Ltd</b>	<b>TECK/B</b>	<b>Bef-mkt</b>	<b>0.367</b>

### Friday February 19<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
<b>Capital Power Corp</b>	<b>CPX</b>	<b>Bef-mkt</b>	<b>0.439</b>
Enerplus Corp	ERF	Bef-mkt	0.082
Magna International Inc	MG	Bef-mkt	2.013
New Gold Inc	NGD	Bef-mkt	0.022

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 February 15<sup>th</sup>, 2021

None

### Tuesday February 16<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Advance Auto Parts Inc	AAP	Bef-mkt	1.967
Agilent Technologies Inc	A	Aft-mkt	0.899
American International Group I	AIG	Aft-mkt	0.928
CVS Health Corp	CVS	Bef-mkt	1.238
Devon Energy Corp	DVN	Aft-mkt	0.03
Ecolab Inc	ECL	Aft-mkt	1.255
Eversource Energy	ES	Aft-mkt	0.851
Expeditors International of Wa	EXPD		1.068
IPG Photonics Corp	IPGP	Bef-mkt	0.985
Occidental Petroleum Corp	OXY	Aft-mkt	(0.583)
Vornado Realty Trust	VNO	Aft-mkt	0.656
Vulcan Materials Co	VMC	Bef-mkt	0.988
Zoetis Inc	ZTS	Bef-mkt	0.864

### Wednesday February 17<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Albemarle Corp	ALB	Aft-mkt	1.098
Analog Devices Inc	ADI	08:00	1.322
CF Industries Holdings Inc	CF	Aft-mkt	0.113
Genuine Parts Co	GPC	Bef-mkt	1.347
Henry Schein Inc	HSIC	Bef-mkt	0.993
Hilton Worldwide Holdings Inc	HLT	Bef-mkt	0.03
Marathon Oil Corp	MRO	Aft-mkt	(0.199)
Mosaic Co/The	MOS	Aft-mkt	0.223
NiSource Inc	NI	Bef-mkt	0.329
Pioneer Natural Resources Co	PXD	Aft-mkt	0.678
Synopsys Inc	SNPS	Aft-mkt	1.469

### Thursday February 18<sup>th</sup>, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Alliant Energy Corp	LNT	Aft-mkt	0.23
Ameren Corp	AEE	Aft-mkt	0.431
Applied Materials Inc	AMAT	Aft-mkt	1.279
Arista Networks Inc	ANET	Aft-mkt	2.385
Cabot Oil & Gas Corp	COG	Aft-mkt	0.213

## *The Week at a Glance*

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FirstEnergy Corp	FE	Bef-mkt	0.481
Flowserve Corp	FLS	Aft-mkt	0.534
Hormel Foods Corp	HRL	Bef-mkt	0.41
Host Hotels & Resorts Inc	HST	Aft-mkt	(0.206)
Keysight Technologies Inc	KEYS	Aft-mkt	1.37
LKQ Corp	LKQ	Bef-mkt	0.594
Marriott International Inc/MD	MAR	07:00	0.124
Newmont Corp	NEM	Bef-mkt	0.953
PPL Corp	PPL	Bef-mkt	0.61
Southern Co/The	SO	07:30	0.427
Ventas Inc	VTR	Bef-mkt	0.72
Walmart Inc	WMT	07:00	1.489
Waste Management Inc	WM	Bef-mkt	1.105
West Pharmaceutical Services I	WST	Bef-mkt	1.125
Westinghouse Air Brake Technol	WAB	Bef-mkt	1.033

### **Friday February 19<sup>th</sup>, 2021**

<b>COMPANY*</b>	<b>SYMBOL</b>	<b>TIME</b>	<b>EPS ESTIMATE</b>
Deere & Co	DE US	Bef-mkt	2.107
DTE Energy Co	DTE US	Bef-mkt	1.293

Source: Bloomberg, NBF Research

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

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