NATIONAL BANK FINANCIAL

The Week at a Glance

September 23rd, 2022

THE WEEK IN NUMBERS
(September 19th – September 23rd)

Research Services

Contact your Investment Advisor for more information regarding this document.

INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	29,590.41	-1,232.01	-4.00%	-18.57%	-14.88%	16.6
S&P 500	3,693.23	-180.10	-4.65%	-22.51%	-16.99%	18.3
Nasdaq Composite	10,867.93	-580.48	-5.07%	-30.53%	-27.80%	21.4
S&P/TSX Composite	18,480.98	-904.90	-4.67%	-12.92%	-9.68%	12.3
Dow Jones Euro Stoxx 50	3,348.60	-434.50	-11.49%	-22.10%	-20.17%	12.0
FTSE 100 (UK)	7,018.60	-218.08	-3.01%	-4.96%	-0.84%	10.1
DAX (Germany)	12,284.19	-457.07	-3.59%	-22.67%	-21.48%	12.4
Nikkei 225 (Japan)	27,153.83	-413.82	-1.50%	-5.69%	-8.39%	15.0
Hang Seng (Hong Kong)	17,933.27	-828.42	-4.42%	-23.35%	-26.84%	8.8
Shanghai Composite (China)	3,088.37	-38.03	-1.22%	-15.15%	-15.21%	12.0
MSCI World	2,437.69	-131.60	-5.12%	-24.57%	-21.53%	15.9
MSCI EAFE	1,685.82	-102.78	-5.75%	-27.84%	-28.36%	12.2

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	234.62	-10.48	-4.28%	-14.28%	-12.02%	20.0
S&P TSX Consumer Staples	764.37	-34.04	-4.26%	0.17%	7.77%	18.6
S&P TSX Energy	208.72	-26.22	-11.16%	27.43%	52.81%	6.7
S&P TSX Financials	347.22	-14.44	-3.99%	-13.87%	-7.78%	10.1
S&P TSX Health Care	21.89	-1.48	-6.33%	-52.37%	-63.94%	N/A
S&P TSX Industrials	361.61	-11.98	-3.21%	-5.07%	-2.53%	25.7
S&P TSX Info Tech.	122.41	-5.34	-4.18%	-42.33%	-48.92%	29.3
S&P TSX Materials	284.55	-11.14	-3.77%	-13.33%	-5.29%	10.2
S&P TSX Real Estate	286.32	-20.83	-6.78%	-27.94%	-24.35%	6.7
S&P TSX Communication Services	178.31	-2.74	-1.51%	-8.62%	-7.33%	18.7
S&P TSX Utilities	345.29	-7.83	-2.22%	0.56%	2.68%	28.0

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2022E
Oil-WTI futures (US$/Barrels)	$79.07	-28.55	-26.53%	5.13%	7.87%	$100.00
Natural gas futures (US$/mcf)	$6.84	0.62	10.02%	83.46%	37.52%	$6.00
Gold Spot (US$/OZ)	$1,667.00	-159.50	-8.73%	-8.78%	-4.62%	$1,843
Copper futures (US$/Pound)	$3.37	-0.39	-10.43%	-24.40%	-20.40%	$3.60

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/22e
Cdn$/US$	0.7362	-0.0392	-5.06%	-6.96%	-6.81%	0.78
Euro/US$	0.9690	-0.0864	-8.19%	-14.76%	-17.43%	1.01
Pound/US$	1.0862	-0.1400	-11.42%	-19.71%	-20.81%	1.18
US$/Yen	143.31	8.14	6.02%	24.53%	29.93%	140

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

THE WEEK IN NUMBERS

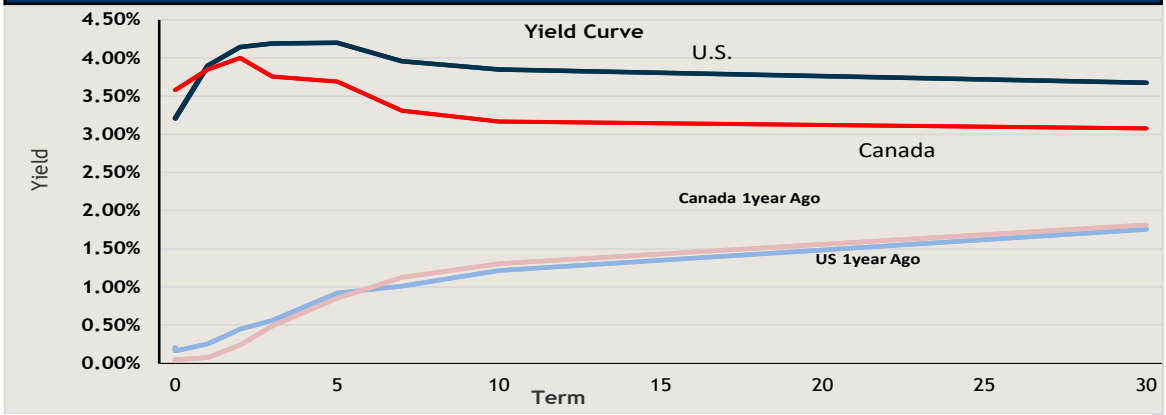
(September 19th – September 23rd)

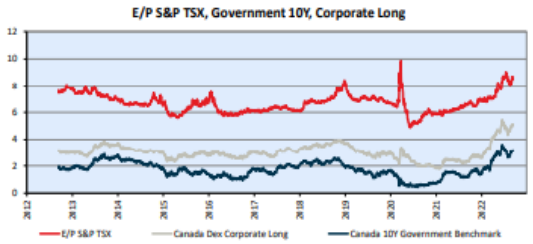
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	2.50%	1.0	CDA 5 year	3.31%	14.3
CDA Prime	4.70%	1.0	CDA 10 year	3.08%	3.4
CDA 3 month T-Bill	3.58%	48.0	CDA 20 year	3.10%	2.7
CDA 6 month T-Bill	3.85%	36.0	CDA 30 year	2.97%	-5.0
CDA 1 Year	4.00%	32.0	5YR Sovereign CDS	39.25	
CDA 2 year	3.77%	28.8	10YR Sovereign CDS	40.11	

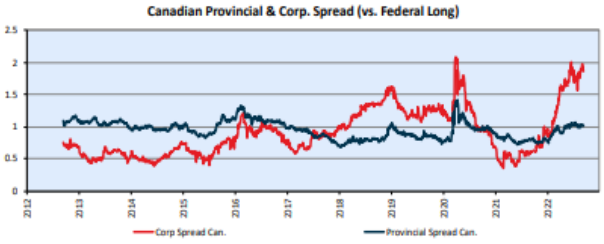
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	3.00-3.25%	0.75	US 5 year	3.97%	78.7
US Prime	6.25%	0.75	US 10 year	3.69%	63.3
US 3 month T-Bill	3.20%	43.4	US 30 year	3.61%	34.9
US 6 month T-Bill	3.90%	70.7	5YR Sovereign CDS	25	
US 1 Year	4.14%	84.8	10YR Sovereign CDS	32.97	
US 2 year	4.20%	89.3			

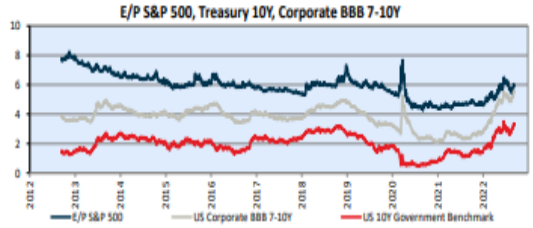
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.38%	-11.16%
FTSE Short Term Bond Index	0.16%	-4.58%
FTSE Mid Term Bond Index	0.38%	-10.23%
FTSE Long Term Bond Index	0.66%	-19.57%

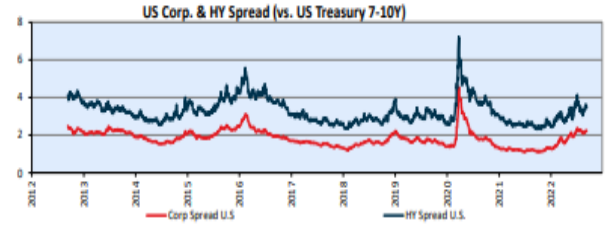
CURRENT YIELD CURVE









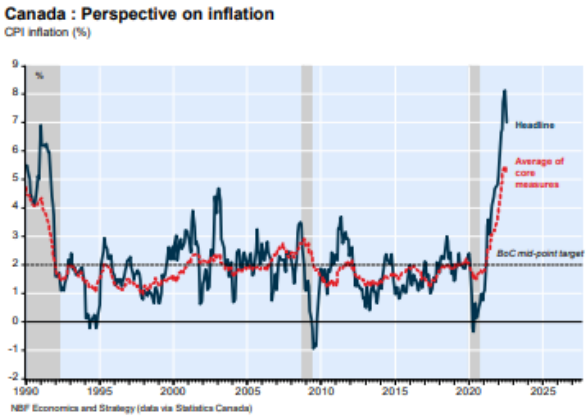


Source: Refinitiv & NBF

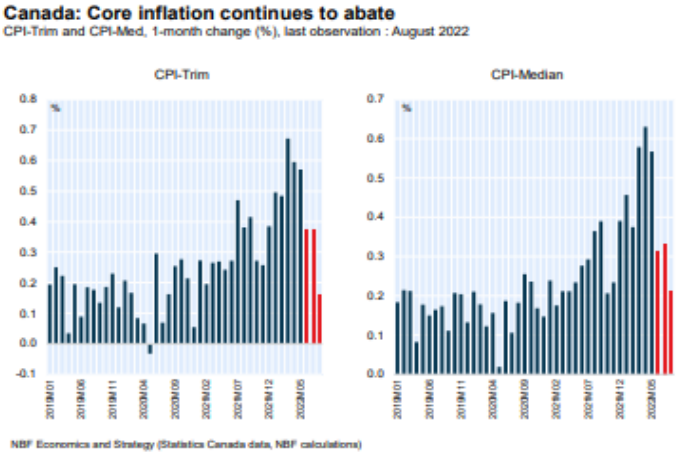
NBF Economy & Strategy Group

WEEKLY ECONOMIC WATCH

CANADA - After rising 0.1% in July, the **Consumer Price Index** fell 0.3% in August (not seasonally adjusted). The consensus forecast was for a drop of only 0.1%. The decline was the first for monthly headline inflation since December 2021. In seasonally adjusted terms, headline prices were up 0.1% (rounded from 0.07%), the smallest gain in 25 months. Higher prices for food (+1.0%), alcoholic beverages and tobacco products (+0.4%), household operations and furnishings (+0.3%), and health and personal care (+0.3%) were only partially offset by lower prices for transportation (-1.1%), clothing and footwear (-0.1%), shelter (-0.1%), and recreation, education and reading (-0.1%). Year on year, headline inflation eased from 7.6% in July to 7.0% in August, its lowest level since April 2022.



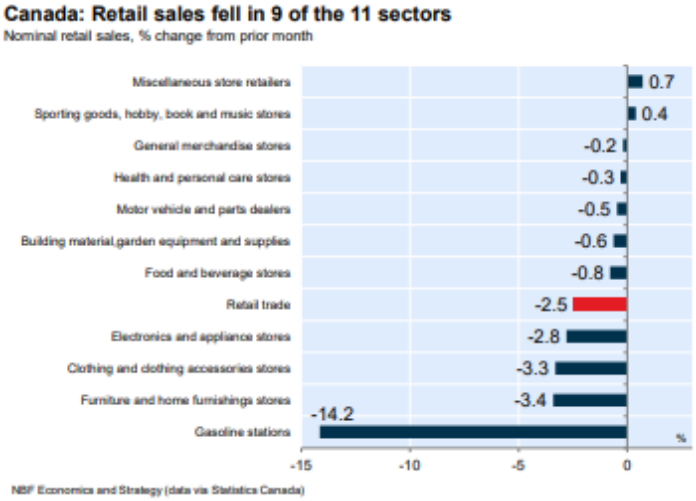
On a provincial basis, the headline annual inflation rate ran above the national average in British Columbia (+7.3%) and Québec (+7.1%) but below it in Ontario (+6.9%) and Alberta (+6.0%). On a 12-month basis, core inflation measures were as follows: 5.7% for CPI-Common (down three ticks vs. prior month), 5.2% for CPI-Trim (down two ticks), and 4.8% for CPI-Median (down one tick). As a result, the average of the three measures went from 5.4% to 5.2%, its lowest level since April 2022. Much of the deceleration in the 12-month CPI from July to August was due to lower gasoline prices, but other categories showed signs of slowing as well. Excluding gasoline, the annual growth in prices slowed from 6.6% to 6.3%, the first deceleration since June 2021. This broad-based price moderation was confirmed by the annual change in core inflation measures, all of which eased in August. The monthly CPI, too, was encouraging. The one-month change in CPI-Median dipped from +0.33% in July to 0.21% in August; for CPI-Trim it sank from +0.38% to +0.16%.



Despite the deceleration in prices, some categories still showed stubbornly high inflation. This was the case for food, where prices rose 9.8% year on year, the strongest growth since 1981. Also, the housing component was pulled down by a slowdown in rents, but it also saw mortgage interest costs increase considerably. While rents registered a substantial monthly decline (-0.3%) that translated into a 4.7% annual gain, mortgage interest costs jumped a hefty 2.4%, the most since the early 1980s. This increase comes on the back of rising interest rates, which may have peaked this summer and could moderate later this year. Finally, homeowners' replacement cost was flat in the month. This marked its slowest progression since February 2020 and likely reflected weaker demand in the real estate sector, which has translated into declining home prices nationally.

We have reason to be optimistic about inflation moderating. First, the decline in gasoline prices, which continued in September, is good news that usually translates with a lag into disinflation for other components, notably thanks to lower transportation costs. Second, supply chain issues are easing globally. Third, services inflation, an indicator the Bank of Canada is monitoring closely, posted its smallest monthly increase in nine months (0.1%). Overall, as a tangible economic slowdown is expected in 2022H2, our forecast of CPI inflation below 5% in 2023Q1 still holds.

Canadian retail sales were down 2.5% in July, 5 ticks below the consensus call for a slump of 2.0%. The prior month's result was revised down by one tick from 1.1% to 1.0%. Consumer outlays decreased in 9 of the 11 subsectors, with the worst losses occurring in gasoline stations (-14.2%), motor vehicles/parts (-0.5%), clothing stores (-3.3%), food/beverage stores (-0.8%), furnishing stores (-3.4%), and electronics/appliance stores (-2.8%) among others. These pullbacks were partially offset by increases for miscellaneous stores (+0.7%) and sporting goods (+0.4%).



Excluding autos, retail sales regressed 3.1%, which was significantly under the consensus call for a negative 1%. On a regional basis, sales were down in seven provinces, with the principal decreases stemming from Ontario (-5.0%), Quebec (-1.5%), British Columbia (-1.5%) and Saskatchewan (-3.7%). Alberta posted an increase for its part (+0.8%). In real terms, retail sales declined 2.0% m/m. Finally, Statistics Canada's early estimate for August suggests a 0.4% increase in nominal sales. Consumer spending on goods was worse than expected in July. Adding to the gloom, the previous month's result was revised down slightly. Still, it was the first decline for retail sales in seven months.

The July print was pushed down by sales at gasoline stations and motor vehicle/parts dealers. For gasoline, sales fell for the first time in seven months, on both lower prices and volumes, as gasoline sales fell 7.0% after adjusting for the price effect. For autos, sales were worse if the price effect is removed as volume sales fell 1.7%. Indeed, volumes of new car dealers (-1.9%) and used car dealers (-3.0%) were the main detractors, as supply remains limited, and the effect of higher financing rates could be impacting demand. The rest of the retail sales report did little to assuage the headline figure. Core retail sales (ex. autos/gas) posted their first decline in seven months on the back of broad-based deteriorations. Looking forward, there is a glimmer of hope with Statistics Canada's preliminary estimate for August which estimates that sales may have increased 0.4%. Although that number is not an impressive bounce back following the July drop, it suggests a rebound in consumption excluding gasoline. The petrol component will surely pull the headline figure

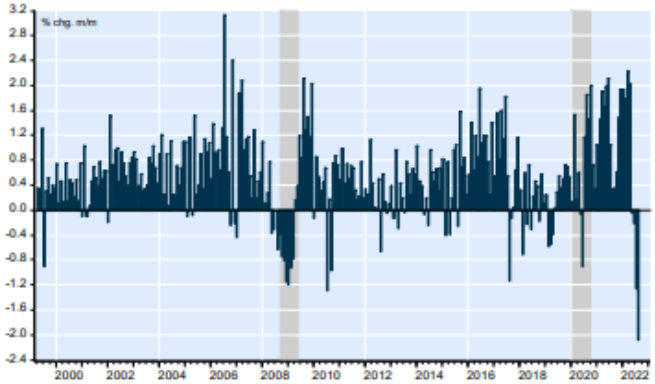
down as suggested by the consumer price index report released earlier this week which saw gasoline prices declining 9.6% in August. While the next months could be soft as consumers face higher prices and interest rates, hopefully households have benefitted from a dynamic labour market and excess savings which are alleviating some of the pain.

The **Teranet–National Bank Composite National House Price Index™** decreased 2.1% in August from the month before. After adjusting for seasonal effects, 9 of the 11 markets in the index were down in the month: Hamilton (-5.4%), Ottawa-Gatineau (-3.8%), Halifax (-3.6%), Toronto (-3.5%), Vancouver (-1.2%), Winnipeg (-0.7%), Montreal (-0.6%), Victoria (-0.5%), and Quebec City (-0.2%). Calgary (+1.3%) and Edmonton (+2.8%) were up. From August 2021 to August 2022, the composite index increased 8.9%. Growth was driven by Halifax (15.4%), Victoria (14.8%), Calgary (13.6%), Montreal (12.1%), Quebec City (10.5%), and Winnipeg (9.2%). Growth was below average in Hamilton (8.7%), Vancouver (8.4%), Toronto (7.8%), Edmonton (4.6%), and Ottawa-Gatineau (4.5%).

In addition to a fourth consecutive monthly decline on a seasonally adjusted basis, the Teranet-National Bank Composite House Price Index also recorded its largest contraction ever in a single month (-2.1%). This was due to rapidly rising interest rates and a slowing resale market. The drop broke the previous record of -1.3% set in July 2010.

Canada: Record price drop in August

Monthly change in Teranet-National Bank HPI, seasonally adjusted

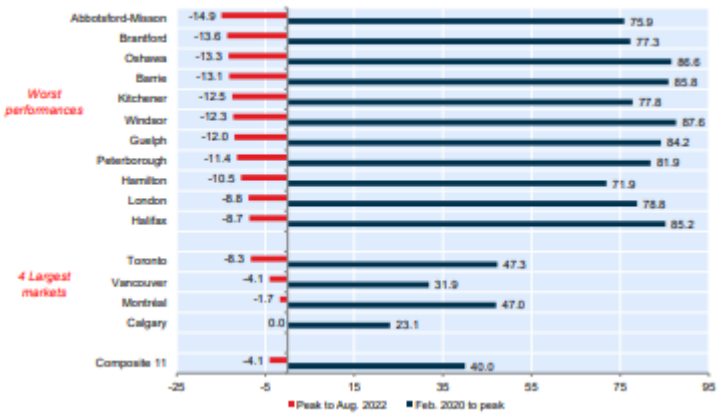


NBF Economics and Strategy (data via Teranet-National Bank)

August's data were unique also in that the declines extended to all 31 cities covered by the index bar the three CMAs in Alberta (Calgary, Edmonton, and Lethbridge), which is unprecedented. The reason for these exceptions was obviously the high prices for energy and many commodities that drive the province's economy. Since peaking in May 2022, the composite index has fallen 4.1% driven by sharp drops in Hamilton (-10.5%), Halifax (-8.7%), and Toronto (-8.3%). Significant price declines were also observed in several cities not included in the composite index, such as Abbotsford-Mission and cities in the Golden Horseshoe like Brantford, Oshawa, Barrie, Kitchener, Guelph, and Peterborough. It should be noted, however, that the steep decreases in these cities come on the heels of dramatic price increases since the start of the pandemic.

Canada: Rapid declines after soaring increases

Price change from February 2020 to peak and from peak to August 2022



NBF Economics and Strategy (data via Teranet-National Bank)

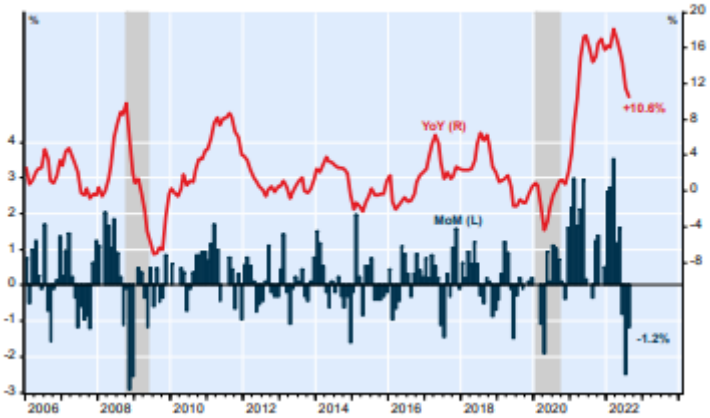
As the Bank of Canada continues to raise its policy rate into restrictive territory, we expect the composite index to decline 10% to 15% by the end of 2023 from its peak reached earlier this year. This assumes that the policy rate will top out under 4.0% and that the Bank of Canada will begin lowering interest rates in the second half of 2023.

Prices for products manufactured in Canada as measured by the **Industrial Product Price Index** (IPPI) fell 1.2% m/m in August, marking the third decline in a row for this indicator. Of the 21 major commodity groups, only nine saw lower prices, led by energy and petroleum products (-6.5%). Specifically, prices for both diesel fuel (-3.6%) and motor gasoline (-9.6%) fell thanks to cheaper crude oil. Chemicals and chemical products, too, recorded a significant decrease (-3.7%) owing to a record monthly drop of 19.3% in the price of ammonia and chemical fertilizers.

On a 12-month basis, the IPPI was up 10.6% in August, down significantly from the peak of 18.1% attained in March. Among the major categories, energy and petroleum products (+48.7%), fruit, vegetables and feed (+16.0%), fabricated metals and construction material (+14.8%), textile and leather products (+14.0%), electrical, electronic and telecom equipment (+13.2%), and plastic and rubber products (+12.8%) recorded the steepest increases. Alternatively, prices for primary ferrous metal products (-6.0%) and primary non-ferrous metal products (-2.3%) were down 8.9% in the month from a year earlier.

Canada: IPPI registered a third consecutive monthly drop

Industrial Product Price Index. Last observation: August 2022



NBF Economics and Strategy (data via Statistics Canada)

The **Raw Materials Price Index** slid 4.2% in August on steep decreases for crude energy products (-9.6%) and non-metallic minerals (-7.7%). On a 12-month basis, the headline RMPI was still up 17.6%.

UNITED STATES - As expected, the **Federal Reserve** hiked the target range for the federal funds rate 75 bps to 3%–3.25% and will continue to reduce its holdings of Treasuries via a quantitative tightening process, with monthly caps doubling as previously telegraphed. The interest rate on reserve balances increased an equivalent 75 bps to 3.15%. There were no dissenters among participants at the meeting this week. This is the Fed's third successive 75-bp hike and its fifth move total, bringing cumulative policy rate tightening to 300 bps (and counting). A parsing of the statement reveals a clear, necessary and ultimately unchanged focus on inflation. The new statement echoes the previous one when it states: "inflation remains elevated" (for a variety of reasons). Consequently, the FOMC remains "highly attentive to inflation risks" (again no change vs. prior statement). Finally, the statement once again underscores a strong commitment to bring inflation back down towards the Fed's 2% target. There was a modest change to the characterization of economic growth. Recent indicators point to "modest" growth in spending and production, whereas the prior statement indicated some softening in this regard. Job gains, for their part, have been "robust". Finally, the ongoing war in Ukraine was causing hardship and contributing to upward inflation pressure. In terms of guidance, the statement once again indicated that "ongoing increases in the target range [would] be appropriate". As before, the Committee is prepared to adjust its policy stance in the face of evolving risks, with the assessment taking a wide range of indicators into account, notably "readings on public health, labour market conditions, inflation pressures and inflation expectations, and financial and international developments." September's rate decision was accompanied by the FOMC's Summary of Economic Projections, which includes the closely monitored dot plot, with the projection timeline extended to 2025.

While there was much to take in here, one highlight was a notable upward shift in the assumed level for the fed funds rate. Despite a material downward revision to GDP growth, FOMC participants now saw the upper limit of the fed funds target range ending 2022 at 4.5%. This implies a further 125 bps of tightening in the final two meetings of the calendar year, though a fair number of participants (8 of 19) favoured instead an increment of 100 bps. Furthermore, the median fed funds rate (upper limit) projection for the end of 2023 was lifted to 4.75%, at least 75 bps higher than in June.

U.S.: FOMC participants' assessment of appropriate monetary policy

Current target range: 3.00%-3.25% (grey area)

NBF Economics and Strategy (data via Federal Reserve)

It is believed that restrictive rates will be needed through 2024 (year-end median at 4%). Consistent with the return of more benign inflation, it is assumed that the policy rate will drift lower into more neutral territory over the course of 2025 (year-end median of 3%), with the longer-term outlook continuing to signal a neutral fed funds rate of ~2½%.

As expected, fresh economic projections saw GDP growth pared back to just 0.2% for 2022 (vs. 1.7% previously), with below-trend growth continuing in 2023. The labour market is likely to feel the effects of aggressive tightening, as the projected average unemployment rate has been bumped up to 4.4% by 2023. Meanwhile, core PCE inflation—presently running at a brisk 4.5%—is expected to moderate to 3.1% by 2023, cooling further in 2024 before pretty much settling back around the Fed's 2% target by 2025.

FOMC: Summary of Economic Projections

	Latest	June projections
Change in real GDP (%)		
2022	0.2	1.7
2023	1.2	1.7
2024	1.7	1.9
2025	1.8	---
Long run	1.8	1.8
Unemployment Rate (%)		
2022	3.8	3.7
2023	4.4	3.9
2024	4.4	4.1
2025	4.3	---
Long run	4.0	4.0
PCE Inflation (%)		
2022	5.4	5.2
2023	2.8	2.6
2024	2.3	2.2
2025	2.0	---
Long run	2.0	2.0

NBF Economics and Strategy

What is clear is that FOMC members now believe that interest rates will need to remain higher for longer and that the economic pain will need to be greater and more sustained for inflation to be fully brought to heel. Fed Chair Jerome Powell spent much of the press conference this week reinforcing a three-pronged message: Inflation is too high, rates need to get into meaningfully restrictive territory (and fast), and the Fed will not rest until inflation is quelled (even if it means inflicting economic damage). The central banker exhibited the utmost resolve through a tone and demeanour reminiscent of the speech he gave at Jackson Hole.

He was repeatedly asked how much "pain" the Fed was willing to tolerate. The answer: As much as is necessary to get inflation back to target. While he conceded that monetary policy operates with long and variable lags, it was clear to him (and the Committee more broadly) that they still had a ways to go regarding the policy rate. He noted, for instance, that after this week's hike, the fed funds rate was still only at the lowest level of restrictive. Consequently, they were fully prepared to keep at it (hiking, that is), as evidenced by the dot plot, which suggests a willingness to hold in restrictive territory through 2024. They will begin contemplating cuts seriously only when they are very confident that inflation is moving back down to 2%. They were not overreacting to one figure or report in particular: Inflation was simply not where they expected or want it to be. However, regarding the fact that core PCE inflation was currently at a lofty 4.5%, he quipped: "You don't need to know much more than that."

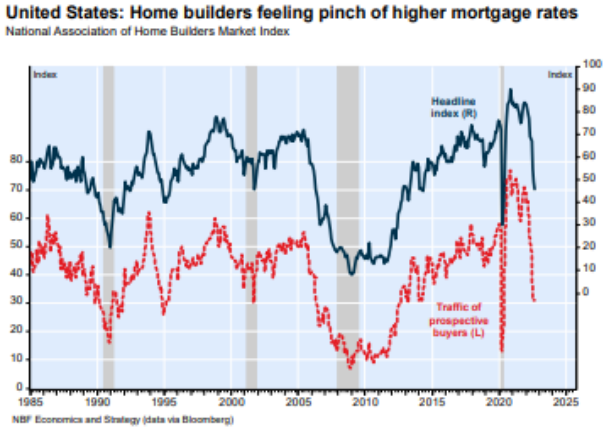
During the Q&A session, Powell would not be goaded into declaring that he was hoping for a recession. Also, though he would not be pinned down regarding the likelihood of a soft landing, he did say that the odds of such a landing diminish as rates grow more restrictive and if they stay that way for an extended length of time. He pointed to still-elevated job vacancies and quit rates as evidence that the labour market remained quite vigorous. He also noted that consumer balance sheets were strong and continued to show significant savings and that state governments were flush with cash—all of which could be expected to provide some economic resilience in a higher-rate environment. The bottom line was that growth needed to be below potential. It was an imperative at this point in time.

While the latest interest rate decision aligned with expectations, the medium-term guidance and the dot plot were a bit of an eye-opener, as they revealed the intention to take rates more decisively into restrictive territory and to keep them there until 2024. The FOMC, along with many of the world's other major central banks, is signalling a strong resolve to tackle today's uncomfortably high rates of inflation. As there has been little to no relief on the inflation front in the United States, the FOMC remains on the attack. At this point, the Fed is warning that there will be two more sizeable rate hikes before the year is out (and perhaps a further nudge in 2023). Based on the dot plot, the Fed's new implied "base case" appears consistent with a 75-bp hike in November, followed by a 50-bp move in December. Importantly, the Fed is also seeking to underscore that monetary policy will need to remain in overtly restrictive territory for longer (i.e., through 2024). There appears to be a willingness to tolerate meaningful economic pain (i.e., below-trend growth, job losses) if that is what it takes to bring prices under control. The talk is tough and it is being backed up by aggressive policy rate hikes. If inflation relief were to arrive more quickly and decisively, it could prompt a bit of a course adjustment, but the resolve to continue acting forcefully in the near term appears genuine. The accumulation of more serious job losses and evidence of meaningful financial market contagion could also be potential game changers. The next monetary policy meeting is slated for November 1-2.

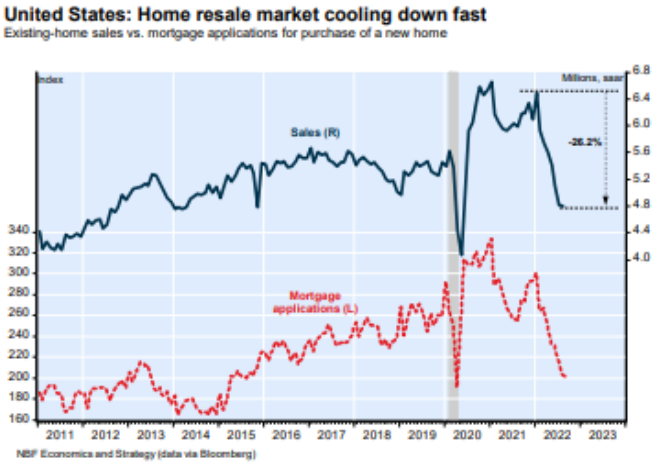
After hitting a 17-month low of 1,446K in July, **housing starts** shot up to 1,575K in August, a much bigger hike than expected by economists (1,450K). The jump reflected a significant increase in the multi-family segment (+28.0% to 640K) and a smaller one in the single-family segment (+3.4% to 935K).

Building permits, for their part, dropped 10.0% to 1,517K, their lowest level since June 2020. Outside of the pandemic period, it was the biggest monthly decline since August 2015. The drop was caused by decreases in both the multi-unit and the single-family segment, -17.9% to 618K and 3.5% to 899K, respectively. Meanwhile, the number of authorized residential projects for which construction had not yet started slid from 298K to 290K, which was still near a 50-year high. In normal times, such a number of unexercised permits signifies booming activity in the residential sector and the inability of builders to meet demand. Under current market conditions, however, we might wonder whether the figure reflects instead a loss of confidence among builders, who now perhaps prefer to leave a few projects on ice while waiting to see how the situation unravels. You might recall that a record number of housing units are currently under construction (1,702K). Already, these will boost supply substantially at a time when demand is fading. In this context and given that the residential sector faces challenges that include rising interest rates and labour shortages, putting off construction of housing units for which permits have been issued does not seem like a bad idea.

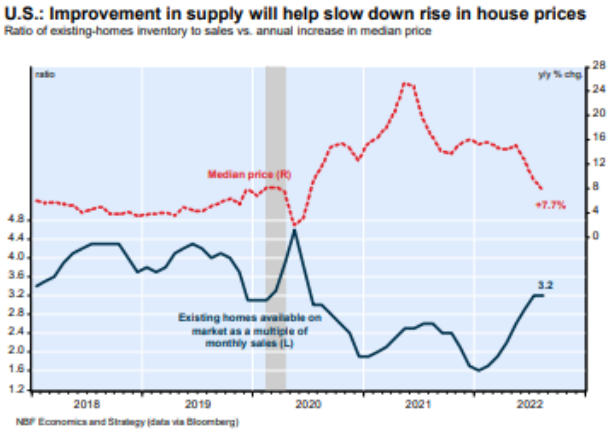
Homebuilder sentiment, meanwhile, is sliding fast. In September, the National Association of Home Builders Market Index fell 3.0 points to 46.0. Outside of the pandemic period, this is the lowest print since May 2014. NAHB data also showed a decline in prospective buyer traffic. Together, these data suggest that there could be more pain in store for residential construction going forward.



After sliding 8.6% in February, 3.0% in March, 2.6% in April, 3.4% in May, 5.5% in June, and 5.7% in July, **existing-home sales** dipped only 0.4% in August to 4.80 million (seasonally adjusted and annualized), for a total drawback of 26.2% over seven months. Excluding the first months of the pandemic, this was also the lowest level of sales observed in nearly seven years. The 4.0% increase in condo sales was outweighed by the 0.9% decrease in single-family dwellings. After increasing for the past six months, the inventory-to-sales ratio held steady at 3.2 in August. Despite the recent increase, the ratio remained low on a historical basis (at <5 it indicates a tight market according to the National Association of Realtors), as supply continued to lag. In fact, the inventory of properties available for sale totalled just 1.28 million (not seasonally adjusted), the joint-lowest level ever recorded in a month of August. Given the scarce supply, listed properties stayed on the market no more than 16 days on average, up slightly from 14 days in July, the shortest time on records.



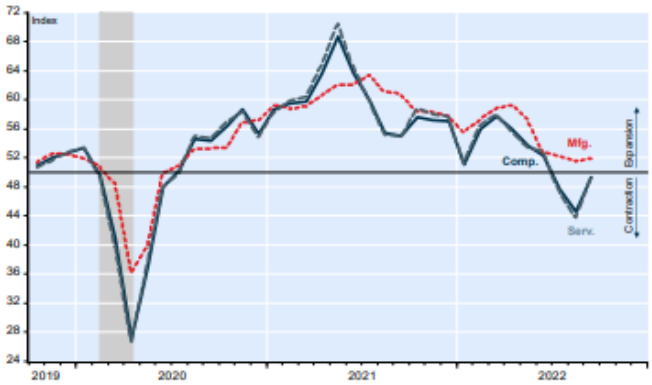
Insufficient supply and low interest rates during the pandemic helped propel prices up at breakneck speed. However, with supply recovering slowly and mortgage rates having risen sharply, we expect price increases to moderate quickly. The median price decreased for the second month in a row, dropping from an all-time high of $413,800 in June to $389,500 in August. Year over year, this was still up 7.7%, a solid increase by most standards, but still much less pronounced than what we observed at the height of the pandemic boom (+25.2% in May 2021).



The housing market may face more woes down the road given the higher borrowing costs and the associated drop in mortgage applications. We expect sales to remain below their pre- pandemic level for some time and home prices to moderate further over the coming months.

The **S&P Global flash composite PMI** jumped from 44.6 in August to 49.3 in September, a 3-month high signalling a softer and marginal decline in private sector business activity. New orders return into expansionary territory, driven by both the manufacturing and service sector. However, the rate of expansion was subdued by inflationary pressures who continued to weigh on customer spending. On the bright side, input cost inflation eased during the month to its slowest pace since the start of 2021. However, "Cost burdens continued to rise at an historically elevated pace, with interest rate hikes and material and wage increases driving inflation." That slower rate of increase in input price was translated into a slower pace of increase in selling price as well. Business expectations for the year ahead picked up to a four-month high and was only just below the series trend, thanks to "hopes of further upticks in new orders and the acquisition of new customers." The manufacturing tracker increased slightly from 51.5 in August to 51.8 in September, a first hike in three months as output also hedge up for the first time in four months. However, supply chain constraints continued to hamper output and capacity, with backlogs of work increasing again. On the inflation side, "although input costs increased at a softer pace during September, firms raised their output charges at a sharper rate. Average operating expenses rose at the slowest pace since November 2020, as some material prices reportedly fell." The **services sub-index**, for its part, jumped from 43.7 in August to 49.2 in September, to signal a much slower decline in output as firms stated that a pickup in new orders and client demand dampened the contraction. Inflation continues to be substantial, but the rate of cost inflation softened to the slowest since January 2021. The increase in new orders pushed the backlogs of work back in growth territory as staff and parts shortages also put pressure on capacity.

U.S.: Jump in the Composite PMI thanks to the services sector
Markit Flash PMI. Last observation: September 2022



NBF Economics and Strategy (Source: Markit via Refinitiv)

In the week to September 17, **initial jobless claims** increased from 208K to 213K. Continued claims, meanwhile, edged down from 1,401K to 1,379K. This number remains very low by historical standards, which suggests that unemployed workers were finding new jobs fast. This assumption is supported by BLS data that show a downtrend in the median duration of unemployment spells in the United States.

WORLD: In **Japan**, the **Consumer Price Index** increased 0.4% from July to August. On a 12-month basis, inflation was at 3.0%, its highest level since September 2014.

In the **Eurozone**, **consumer confidence** slumped to its lowest level on record, falling from -25.0 to -28.8 as households are feeling the growing weight of inflation and bracing for a winter energy crunch.

Still in the Eurozone, the **S&P Global flash composite PMI** fell from 48.9 in August to 48.2 in September, signalling a third successive reduction in business activity in the single-currency area. New orders fell sharply, resulting in a declining work backlog for a third month in a row. Employment growth was unchanged in September, while August's gain had been the lowest in 17 months. Input cost inflation increased to the strongest pace since June as the easing in raw material supply constraints were overweight by increasing energy cost. Higher input cost pressure meant that, after four months of cooling, the rate of increase of price charged also accelerated to the sharpest since June. Supplier delivery times, meanwhile, lengthened the least since October 2020, pointing to an improvement in supply chain constraints. Business expectations for the year ahead slumped sharply lower, dropping to the weakest since May 2020 and, excluding the pandemic, the lowest since November 2012.

The manufacturing gauge edged down from 49.6 to a 27-month low of 48.5. The services sub-index also went deeper into contraction territory, falling from 49.8 in August to 48.9 in September.

Housing Market Monitor

Home sales fell for a sixth consecutive month in August

Summary

- On a seasonally adjusted basis, home sales fell 1.0% from July to August, bringing the level of sales 14.4% below its 10-year average. This was the sixth consecutive decline for this indicator, with sales down a cumulative 32.5% between February and August.

- Declines were observed in every province at the exception of Ontario, due notably to a rebound in sales in the GTA.

- New listings declined 5.4% between July and August. Overall, the number of months of inventory rose from 3.4 to 3.5 months in August, the highest level since May 2020.

- Based on the active-listings-to-sales ratio, market conditions loosened in the country and are now indicating a balanced market. Six provinces out of 10 are now in balanced territory: B.C., Saskatchewan, Alberta, Manitoba, Ontario and P.E. The others continued to indicate market conditions favourable to sellers mainly due to lack of supply.

- Housing starts fell for the second time in three months, dropping 7.7K in August to 267.4K (seasonally adjusted and annualized), less than the consensus forecast of 266.5K. Although a downward trend is emerging, starts remained well above their long-term average.

- The Teranet–National Bank Composite National House Price Index fell by a record 2.1 per cent between July and August and after adjusting for seasonal effects. Nine of the 11 markets in the composite index were down during the month: Hamilton (-5.4%), Ottawa-Gatineau (-3.8%), Halifax (-3.6%), Toronto (-3.5%), Vancouver (-1.2%), Winnipeg (-0.7%), Montreal (-0.6%), Victoria (-0.5%) and Quebec City (-0.2%). Conversely, the Calgary (+1.3%) and Edmonton (+2.8%) markets were still up.

(Full report)

IN THE NEWS

U.S. and Canadian News

Monday September 19th, 2022

- **U.S. home builder sentiment falls for ninth straight month in September**
  The National Association of Home Builders/Wells Fargo Housing Market index dropped three points to 46 this month. Discounting the plunge during the spring of 2020 when the economy was reeling from the first wave of COVID-19, this was the lowest reading since May 2014.
- **Biden says U.S. forces would defend Taiwan in the event of a Chinese invasion**
  U.S. President Joe Biden said U.S forces would defend Taiwan in the event of a Chinese invasion, his most explicit statement on the issue, drawing an angry response from China that said it sent the wrong signal to those seeking an independent Taiwan.
- **Canada Producer Prices Decline 1.2% in August**
  Canada's industrial product price index was down 1.2% in August from the previous month. In July, producer prices fell 2.1%. On a 12-month basis, the producer-price index advanced 10.6%.

Tuesday September 20th, 2022

- **U.S. homebuilding buoyed by multi-family projects; permits decline**
  Housing starts rebounded 12.2% to a seasonally adjusted annual rate of 1.575 million units last month. Data for July was revised down to a rate of 1.404 million units from the previously reported 1.446 million units. Economists had forecast starts would come in at a rate of 1.445 million units. Housing starts dipped 0.1% on a year-on-year basis in August. Permits for future homebuilding tumbled 10.0% to a rate of 1.517 million units, the lowest level since June 2020.
- **Canadian inflation rate slows to 7.0%**
  The country's annual inflation rate slowed to 7.0% in August, below analyst forecasts of 7.3% and down from 7.6% in July. On the month, the consumer price index fell 0.3%, the largest decline since early in the COVID-19 pandemic.
- **Canada home prices post record monthly decline in August**
  The Teranet–National Bank National Composite House Price Index showed prices fell a record 2.4% in August from July, led by sharp declines in Hamilton, Ontario and Halifax, Nova Scotia. The index is now 4.1% below the May peak.

Wednesday September 21st, 2022

- **U.S. existing home sales fall less than expected in August**
  Existing home sales slipped 0.4% to a seasonally adjusted annual rate of 4.80 million units last month, the National Association of Realtors said. Economists polled by Reuters had forecast sales decreasing to a rate of 4.70 million units. Home resales, which account for the bulk of U.S. home sales, decreased 19.9% on a year-on-year basis.
- **Fed forecasts show fraying faith in soft landing**
  The Fed's latest quarterly summary of policymaker projections shows U.S. central bankers expect to raise the policy rate, now in the 3%-3.25% range after a 75-basis-point increase, to 4.4% by the end of this year and to 4.6% by the end of next year, according to the median estimate of all 19 Fed policymakers. Meanwhile policymakers expect their interest-rate hikes to push the unemployment rate, now at 3.7%, to 3.8% next quarter and 4.4% in the final quarter of 2023. The median projection was for GDP growth to slow to 0.2% this year, compared with June's expectation for 1.7% growth.

Thursday September 22nd, 2022

- **U.S. current account deficit shrinks in second quarter**
  The Commerce Department said that the current account deficit, which measures the flow of goods, services and investments into and out of the country, contracted 11.1% to $251.1 billion last quarter. The current account gap represented 4.0% of gross domestic product, down from 4.6% in the January-March quarter.
- **U.S. labor market resilient as recession signals grow stronger**
  Initial claims for state unemployment benefits rose 5,000 to a seasonally adjusted 213,000 for the week ended Sept. 17. Data for the prior week was revised to show 5,000 fewer applications filed than previously reported. Economists had forecast 218,000 applications for the latest week.

Friday September 23rd, 2022

- **U.S. business activity remains subdued in September, S&P Global survey shows**
  S&P Global said its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, rose to 49.3 this month from a final reading of 44.6 in August. The survey's flash manufacturing PMI nudged up to 51.8 this month from 51.5 in August. Economists had forecast the index slipping to 51.1. The survey's flash services sector PMI rose to 49.2 from 43.7 in August.
- **Canada retail sales fell in July amid rate increases**
  Retail sales fell 2.5% in July, the first decline in seven months and missing analyst forecasts of a 2.0% slump. Lower gasoline prices drove the decrease, but sales volumes were also down 2.0%. A preliminary estimate showed August retail sales likely edged up 0.4%.

Click on title to view the full story.

IN THE NEWS

International News

Monday September 19th, 2022

- **China central bank cuts 14-day reverse repo rate, steps up cash injections**
  China's central bank lowered the borrowing cost of 14-day reverse repos and stepped up cash injections to counteract higher demand towards the quarter-end. The People's Bank of China (PBOC) injected 2 billion yuan (US$286.54 million) through 7-day reverse repos and another 10 billion yuan through the 14-day tenor.
- **French TV stocks slide after merger to challenge Netflix collapses**
  France's two biggest private broadcasters gave up their merger plan on Friday citing French antitrust requirements that rendered the deal unworkable.

Tuesday September 20th, 2022

- **German producer prices post surprise record jump in August**
  Producer prices of industrial products increased by 45.8% on the same month last year. Compared to July 2022, prices rose 7.9%. The surge was considerably stronger than expected, with analysts having forecast a 37.1% year-on-year rise and a 1.6% monthly rise.
- **Switzerland cuts growth forecasts given energy risks, inflation**
  The Swiss government now expects the country's economy to expand 2.0% this year, down from its June forecast for 2.6% growth. In 2023 the economy is expected to expand by 1.1%, down from the previous expectation of a 1.9% increase.
- **China leaves lending benchmarks unchanged amid global rates squeeze**
  China kept its benchmark lending rates unchanged at a monthly fixing, as expected, as authorities appeared to hold off immediate monetary easing following rapid declines in the local currency and as central banks elsewhere tightened policy.
- **Japan's inflation hits near 8-year high, stays above BOJ's target**
  Japan's core consumer inflation quickened to 2.8% in August, hitting its fastest annual pace in nearly eight years and exceeding the central bank's 2% target for a fifth straight month as price pressure from raw materials and yen weakness broadened.

Wednesday September 21st, 2022

- **Putin escalates Ukraine war, issues nuclear threat to West**
  In the biggest escalation of the Ukraine war since Moscow's Feb. 24 invasion, Putin explicitly raised the spectre of a nuclear conflict, approved a plan to annex a chunk of Ukraine the size of Hungary, and called up 300,000 reservists.
- **Europe burns cash to help businesses in energy crisis**
  Germany nationalised gas importer Uniper and Britain said it would halve energy bills for businesses in response to a deepening energy crisis.
- **U.S. SEC warns against switching auditors to avoid Chinese company trading bans**
  U.S. accounting firms that agree to lead audits of New York-listed Chinese and Hong Kong companies looking to avoid potential trading bans risk breaching U.S. rules, the U.S. Securities and Exchange Commission (SEC) warned.

Thursday September 22nd, 2022

- **Bank of England raises rates to 2.25%, despite likely recession**
  The Bank of England raised its key interest rate to 2.25% from 1.75% and said it would continue to "respond forcefully, as necessary" to inflation, despite the economy entering recession. The BoE's Monetary Policy Committee voted 5-4 to raise rates to 2.25%.
- **Euro zone consumer confidence falls to -28.8 in September**
  The European Commission said a flash estimate showed euro zone consumer morale decreased to -28.8 this month from -25.0 in August. Economists had expected a fall to -25.8. In the European Union as a whole, consumer sentiment fell by 3.5 points to -29.9.
- **Japan intervenes in FX market to stem yen falls after BOJ keeps super-low rates**
  As a protocol, currency intervention requires informal consent by Japan's G7 counterparts, notably the United States, if it were to be conducted against the dollar/yen. Confirmation of intervention came hours after the BOJ's decision to hold rates at near zero to support the country's fragile economic recovery, a position many analysts believe to be increasingly untenable given the global shift to higher borrowing costs.
- **Hong Kong c.bank raises rate, HSBC and Standard Chartered follow**
  Hong Kong raised its base rate by 75 basis points (bps) to 3.5%, prompting the largest commercial banks operating in the territory, including HSBC , to increase their best lending rates.

Friday September 23rd, 2022

- **Britain sends investors fleeing with historic tax cuts and borrowing**
  Britain's new finance minister Kwasi Kwarteng unleashed historic tax cuts and huge increases in borrowing in an economic agenda that floored financial markets, with sterling and British government bonds in freefall.
- **Euro zone likely entering recession as price rises hit demand**
  S&P Global's flash Composite Purchasing Managers' Index (PMI), seen as a good gauge of overall economic health, fell to 48.2 in September from 48.9 in August, as expected by a economists.
- **Euro zone likely entering recession as price rises hit demand**
  Senior diplomats from the United States and China began a meeting on Friday with tensions high after a visit to Taiwan by U.S. House Speaker Nancy Pelosi and an explicit pledge by U.S. President Joe Biden to defend the Chinese-claimed island.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Stelco Holdings Inc	$34.30	$1.36	4.13%
Converge Technology Solutions Corp	$6.10	$0.21	3.57%
Kinross Gold Corp	$4.49	$0.15	3.46%
OceanaGold Corp	$2.08	$0.06	2.97%
TransAlta Corp	$12.77	$0.31	2.49%
Turquoise Hill Resources Ltd	$40.69	$0.61	1.52%
Winpak Ltd	$45.02	$0.47	1.05%
SSR Mining Inc	$18.45	$0.16	0.87%
Hydro One Ltd	$34.78	$0.12	0.35%
Richelieu Hardware Ltd	$35.45	$0.05	0.14%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Bombardier Inc	$26.37	-$5.79	-18.00%
MEG Energy Corp	$15.07	-$2.95	-16.37%
Paramount Resources Ltd	$23.41	-$4.56	-16.30%
Precision Drilling Corp	$68.05	-$13.08	-16.12%
Cenovus Energy Inc	$21.00	-$3.58	-14.56%
Birchcliff Energy Ltd	$9.55	-$1.58	-14.20%
Nexgen Energy Ltd	$4.79	-$0.79	-14.16%
IAMGOLD Corp	$1.36	-$0.22	-13.92%
ARC Resources Ltd	$16.34	-$2.55	-13.50%
Crescent Point Energy Corp	$7.98	-$1.22	-13.26%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
General Mills Inc	$79.17	$3.92	5.21%
Kellogg Co	$73.04	$1.96	2.76%
Allegion PLC	$92.04	$2.35	2.62%
Hormel Foods Corp	$46.87	$1.08	2.36%
Campbell Soup Co	$48.60	$0.91	1.91%
Hershey Co	$223.94	$4.05	1.84%
Lennar Corp	$77.07	$1.28	1.69%
Conagra Brands Inc	$34.35	$0.52	1.54%
Lamb Weston Holdings Inc	$77.55	$0.99	1.29%
J M Smucker Co	$140.65	$1.77	1.27%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Caesars Entertainment Inc	$35.37	-$9.71	-21.54%
APA Corp (US)	$32.87	-$7.59	-18.76%
Carnival Corp	$8.95	-$1.81	-16.82%
Solaredge Technologies Inc	$258.80	-$51.71	-16.65%
Marathon Oil Corp	$21.90	-$4.32	-16.48%
Ford Motor Co	$12.31	-$2.41	-16.37%
Iron Mountain Inc	$46.60	-$8.69	-15.72%
Catalent Inc	$76.07	-$13.87	-15.42%
Charter Communications Inc	$321.66	-$55.92	-14.81%
Match Group Inc	$47.30	-$8.07	-14.57%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Innergex Renew able Energy Inc.	INE	Outperform	Outperform	**C$25.00**	**C$24.00**
Kinross Gold Corp	K	Outperform	Outperform	**C$9.00**	**C$8.25**
Marathon Gold Corporation	MOZ	**Outperform**	**Restricted**	**C$2.25**	**-**
VerticalScope Holdings Inc.	FORA	Outperform	Outperform	**C$19.00**	**C$22.00**

STRATEGIC LIST - WEEKLY UPDATE

(September 19th – September 23rd)

Comments

Communication Services (Market Weight)

Rogers Communications Inc. (RCI.b)

NBF: On Sept. 12, the Competition Bureau filed its Response to Demand for Particulars with the Competition Tribunal in relation to Rogers/Shaw requesting clarification as to what exactly the Commissioner meant when he referred to "difficulties and reduced competitiveness which Videotron will face without wireline assets and other benefits delivered by Shaw from its wireline business". The regulator's response highlights 12 perceived "difficulties" with some having multiple sub-parts. NBF sees no "smoking gun" among them and believes that each can be addressed in terms of either clarifying the competitive market backdrop, existing government policies, how Shaw operates, and/or how Videotron has operated in Quebec and would be expected to compete in other provinces. Rogers and Shaw addressed some of these "concerns" in prior filings, but the Commissioner has yet to concede on any of them. The more clear it becomes that Videotron offers a real remedial solution that doesn't result in less wireless competition than that with Shaw, the less complex the debate needs to be about the quantum of efficiencies and to what extent these trump anti-competitive concerns. Rogers' stock is back to the $55 level where it tends to have support in periods of crisis, underperformance or uncertainty at the company. Targets, including NBF's, are generally materially higher (average $75) and the company's performance in 2022, notwithstanding the initial fallout from the July outage and $150M in billing credits to impact 3Q22 (plus initial $520M of potential total $780M in consent fees to extend SMR), would substantiate a share price significantly higher than current levels. Investors will continue to contemplate the prospect of integration risk and the quantum and timing of deal synergies, but the one key short-term risk for NBF that would see the stock remain at or just below current levels is if the regulatory review process drags on into 2023 due to an appeals process being pursued. This would be expected to maintain the current overhang on the stock. As we approach 3Q22 reporting in early November, NBF expects to see more investors assessing Rogers with a view to positioning for a material trading opportunity.

Financials (Market Weight)

Intact Financial Corp. (IFC)

NBF: IFC hosted a well attended 2022 Investor Day on September 22. Management reiterated the 12-month guidance and spoke about medium to long-term ambitions: (1) profitable growth with low 90s combined ratio in the UK&I segment by 2025; (2) increasing Canadian premiums from $14 bln in 2022 to $20 bln (up ~43%) with 5%-points of combined ratio outperformance by 2027; and (3) doubling Specialty premiums to $10 bln with sub-90 combined ratio by 2030. In addition, management highlighted that significant M&A opportunity remains. NBF confidence in management's ability to execute lies in IFC's successful track record of achieving >19% IRR over the last nine transactions, the better than expected value created at RSA as IFC upped its synergy target to $350 mln from $250 mln and the company's strong balance sheet. Management targets to double premiums to $10 bln (global TAM of $375 bln) and operate in the sub-90s combined ratio by 2030. The key drivers of this growth include: (1) 5-10%-points of organic growth, especially with the help of the RSA acquisition; (2) acquiring niche MGA players; (3) leveraging distribution relationships in Canada; and (4) increasing U.S. headcount. NBF reiterated its Outperform rating and $230 target price.

Materials (Overweight)

Kinross Gold Corp. (K)

NBF: Kinross announced an enhanced share buyback program which supersedes its previously announced NCIB renewal (Jul 28) which permitted a 5% buyback. NBF updated its model for the enhanced share buyback program. As a result, it sees NAV remains relatively unchanged and its target price moves to C$9.00 (prev. C$8.25). This enhanced share buyback program demonstrates Kinross' ability to leverage its financial health and stable FCF outlook to provide best in class shareholder returns. Kinross will buyback US$300 mln in shares over the remainder of 2022 and will allocate 75% of its FCF (after dividends and interest payments) over 2023 and 2024 to further share buybacks. The 2023 and 2024 buybacks will preserve balance sheet strength as they will only take place if the company's net leverage ratio is below the LTM average of 1.7:1. Kinross also maintains the ability to pause buybacks in case of a ratings downgrade, major operational disruptions and/or a significant drop in gold price. This flexibility allows Kinross to maintain its financial health in the case of unforeseen

events, which de-risks the significant buyback program. NBF views this as a prudent use of capital given Kinross' discounted valuation relative to peers and reaffirm Kinross as a Top Pick in the Senior gold producer space. NBF also attended Kinross' presentation at the Denver Gold Forum where CEO Paul Rollinson spoke about operational consistency, and project updates, among other items, which reinforced NBF conviction in Kinross as a Top Pick.

Teck Resources Limited (TECK.b)

NBF: Teck reported that a structural failure of the plant feed conveyor belt occurred at the Elkview steelmaking coal plant. Repairs are expected to interrupt operations for a period of 1-2 months. Over two months of downtime, Teck anticipates a total impact to 2022 production of 1.5 mln tonnes (Previous Teck guidance was 23.5 - 24 mln tonnes with NBF Estimates at the lower end of company guidance). To minimize the impact of downtime associated with repairing the conveyor, Teck plans to bring forward scheduled maintenance and advance pre-stripping activities during the outage. Additionally, recent labour action at Westshore Terminals is expected to impact Q3/22 steelmaking coal sales which are now expected to be between 5.5 - 5.9 mln tonnes compared with the previous guidance range of 5.8 - 6.2 mln tonnes (NBF: 6.0 mln tonnes). NBF anticipates shipments could be re-routed to Teck's other terminals to avoid any impact related to a prolonged work-stoppage. Incorporating revised Q3 coal sales guidance would impact NBF estimated Q3/22 EBITDA by ~$45 mln or ~2.4%. Assuming a 2-month period to repair the conveyor, Q4 sales could be impacted by as much as ~1.3 mln tonnes (which would reduce NBF Estimates to 5.1 mln tonnes from 6.4 mln tonnes currently). Under this worst-case scenario the impact to NBF estimated Q4/22 EBITDA would be ~$200 mln or ~11%. Teck is one of NBF's top picks in the base metal sector, with an Outperform rating supported by currently strong coal prices and completion of QB2 in Q4/22 driving a significant FCF inflection point in 2023. While the company's coal operations have been hampered by adverse weather conditions, logistical challenges, COVID-related absenteeism and now damage to the feed conveyor at Elkview, the company's balance sheet remains well positioned to weather volatile commodity price environment without sacrificing near-term growth objectives and continuing to support elevated distributions to shareholders.

Utilities (Underweight)

Innergex Renewable Energy Inc. (INE)

NBF: INE hosted its 2nd annual Investor Day, providing an update on its progression on its five-year strategic plan to 2025E. Most importantly, INE re-iterated its plans to grow its adj. FCF to $1.01/sh by '25E, while providing visibility on 77% of the path to achieve this objective, vs. visibility on only 43% of the growth target last year. This better visibility is attributable to considerable progress in the last year, including the well-timed acquisitions of Aela Energia SpA (332 MW of wind) and San Andres (51 MW of solar) in Chile. INE now has only 23% of its FCF target left to identify (was 57% last year). Although INE could look at M&A to support its incremental growth plans of 1.2 GW to 2025E, its advanced and mid-stage developments projects (~4 GW) could prove much more attractive. Indeed, with the passage of the Inflation Reduction Act in the U.S. and renewed production tax credits, the U.S. market could boom. In addition, INE has a healthy pipeline in Quebec, where that province could look for >6GW of new generation over next few years (including in partnership with INE's largest shareholder, Hydro-Quebec). Spot power prices in Chile, the U.S. and Europe remain elevated and should support increasing returns on INE's spot market exposure, especially in Texas (~300 MW) and Chile (>200 MW). Although price caps coming to Europe at €180/MWh could dampen some upside in the near-term, NBF believes INE has found the optimal strategy in targeting longer duration contracts to effectively lock-in the upside to spot prices today. With improved visibility on INE's growth path, NBF calibrated their growth pipeline valuation which resulted in an incremental $1/sh to their valuation. With this, NBF is increasing target to $25/sh (was $24/sh) based on a DCF on operating assets with a cost of equity of 6% and including $2/sh (was $1/sh) for its growth pipeline. NBF is increasingly confident in INE's growth strategy and maintaining their Outperform rating.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**5.0**	**Market Weight**
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 55.32	3.6	0.5		
Telus Corp.	T.TO	19-May-22	$ 30.64	$ 28.38	4.7	0.5		
Consumer Discretionary							**3.5**	**Market Weight**
Canadian Tire Corporation Ltd.	CTCa.TO	18-Nov-21	$ 174.10	$ 149.92	4.2	1.9		
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 76.52	0.3	0.6		
Consumer Staples							**4.3**	**Market Weight**
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 111.98	1.4	0.3		
Premium Brands Holdings Corp.	PBH.TO	17-Feb-22	$ 122.90	$ 89.00	3.1	0.7		
Energy							**18.5**	**Overweight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 21.00	1.8	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 51.64	6.4	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 69.37	1.2	1.4		
Whitecap Resources Inc.	WCP.TO	19-May-22	$ 10.27	$ 8.51	4.8	2.4		
Financials							**31.2**	**Market Weight**
Canadian Imperial Bank of Commerce	CM.TO	29-Mar-22	$ 78.14	$ 60.87	5.3	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 16.15	1.9	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 628.43	2.0	0.9		
iA Financial Corporation Inc.	IAG.TO	21-Jul-22	$ 64.09	$ 69.02	3.8	1.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 197.32	2.0	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 123.40	4.1	0.9		
Health Care							**0.4**	**Market Weight**
Industrials							**12.7**	**Market Weight**
ATS Automation Tooling Systems Inc.	ATA.TO	18-Nov-21	$ 48.62	$ 37.28	0.0	0.7		
WSP Global Inc.	WSP.TO	19-May-22	$ 142.73	$ 152.38	1.0	1.7		
Information Technology							**5.2**	**Underweight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 131.12	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 36.83	3.5	0.9		
Materials							**11.2**	**Overweight**
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	$ 75.74	$ 53.09	3.7	0.6		
Kinross Gold Corp.	K.TO	16-Sep-21	$ 7.06	$ 4.49	3.3	0.5		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 39.63	1.2	1.2		
REITs							**2.6**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 41.41	3.4	0.7		
Summit Industrial Income REIT	SMU_u.TO	17-Feb-22	$ 21.50	$ 16.73	3.4	1.2		
Utilities							**5.3**	**Underweight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 50.30	4.5	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 18.40	3.9	0.8		

Source: Refinitiv (Priced September 9, 2022 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

(September 26th – September 30th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
26-Sep	08:30	National Activity Index	Aug	0.27		Index
27-Sep	08:30	**Durable Goods**	Aug	-0.1%	-0.5%	Percent
27-Sep	08:30	Durables Ex-Transport	Aug	0.2%	0.2%	Percent
27-Sep	09:00	**CaseShiller 20 MM SA**	Jul	0.4%	0.3%	Percent
27-Sep	09:00	CaseShiller 20 YY	Jul	18.6%	17.0%	Percent
27-Sep	10:00	**Consumer Confidence**	Sep	103.2	104.0	Index
27-Sep	10:00	**New Home Sales-Units**	Aug	0.511M	0.500M	Number of (Mln)
27-Sep	10:00	New Home Sales Chg MM	Aug	-12.6%		Percent
28-Sep	07:00	MBA Mortgage Applications	23 Sep, w/e	3.8%		Percent
28-Sep	08:30	Adv Goods Trade Balance	Aug	-90.19B		USD (Bln)
28-Sep	08:30	Wholesale Inventories Adv	Aug	0.6%		Percent
28-Sep	08:30	Retail Inventories Ex-Auto Adv	Aug	0.4%		Percent
28-Sep	10:00	**Pending Sales Change MM**	Aug	-1.0%	-1.0%	Percent
28-Sep	10:30	EIA Wkly Crude Stk	23 Sep, w/e	1.142M		Barrel (Mln)
29-Sep	08:30	**GDP Final**	Q2	-0.6%	-0.6%	Percent
29-Sep	08:30	GDP Deflator Final	Q2	9.0%	8.9%	Percent
29-Sep	08:30	**Core PCE Prices Fnal**	Q2	4.4%	4.4%	Percent
29-Sep	08:30	PCE Prices Final	Q2	7.1%		Percent
29-Sep	08:30	**Initial Jobless Clm**	19 Sep, w/e	213k	215k	Person (Thou)
29-Sep	08:30	Jobless Clm 4Wk Avg	19 Sep, w/e	216.75k		Person (Thou)
29-Sep	08:30	Cont Jobless Clm	12 Sep, w/e	1.379M	1.388M	Person (Mln)
29-Sep	10:30	EIA-Nat Gas Chg Bcf	19 Sep, w/e	103B		Cubic foot (Bln)
30-Sep	08:30	**Personal Income MM**	Aug	0.2%	0.3%	Percent
30-Sep	08:30	**Consumption, Adjusted MM**	Aug	0.1%	0.2%	Percent
30-Sep	08:30	**Core PCE Price Index MM**	Aug	0.1%	0.4%	Percent
30-Sep	08:30	Core PCE Price Index YY	Aug	4.6%	4.7%	Percent
30-Sep	08:30	PCE Price Index MM	Aug	-0.1%		Percent
30-Sep	08:30	PCE Price Index YY	Aug	6.3%		Percent
30-Sep	09:45	**Chicago PMI**	Sep	52.2	52.0	Index
30-Sep	10:00	**U Mich Sentiment Final**	Sep	59.5	59.5	Index

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
29-Sep	08:30	**GDP MM**	Jul	0.1%	-0.1%	Percent
29-Sep	07:00	Business Barometer	Sep	53.50		Index
30-Sep	11:00	Budget Balance, C$	Jul	4.88B		CAD (Bln)
30-Sep	11:00	Budget, Year-To-Date, C$	Jul	10.20B		CAD (Bln)

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday September 26th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Dye & Durham Ltd	DND	AMC	0.17

Tuesday September 27th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
BlackBerry Ltd	BB	AMC	-0.07

Wednesday September 28th, 2022

None

Thursday September 29th, 2022

None

Friday September 30th, 2022

None

Source: Refinitiv, 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 September 26th, 2022

None

Tuesday September 27th, 2022

None

Wednesday September 28th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Cintas Corp	CTAS	BMO	3.13
Paychex Inc	PAYX	BMO	0.97

Thursday September 29th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Carmax Inc	KMX	BMO	1.39
Micron Technology Inc	MU	AMC	1.30
Nike Inc	NKE	16:15	0.92

Friday September 30th, 2022

None

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

Disclosures

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this document. The document alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This document was prepared by National Bank Financial Inc. (NBF), a Canadian investment dealer, a dealer member of IIROC and an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

NBF is a member of the Canadian Investor Protection Fund.

For NBF Disclosures, please visit URL:http://www.nbin.ca/contactus/disclosures.html

Click on the following link to see National Bank Financial Markets Statement of Policies: http://nbfm.ca/en/statement-of-policies