NATIONAL BANK FINANCIAL

The Week at a Glance

June 11th, 2021

THE WEEK IN NUMBERS

(June 7th – June 11th)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	34,479.60	-276.79	-0.80%	12.65%	37.21%	22.6
S&P 500	4,247.44	17.55	0.41%	13.08%	41.48%	27.8
Nasdaq Composite	14,069.42	254.93	1.85%	9.16%	48.21%	32.7
S&P/TSX Composite	20,138.35	109.16	0.55%	15.52%	33.80%	18.5
Dow Jones Euro Stoxx 50	4,126.70	37.32	0.91%	16.16%	31.23%	25.0
FTSE 100 (UK)	7,134.06	65.02	0.92%	10.43%	17.40%	17.7
DAX (Germany)	15,693.27	0.37	0.00%	14.39%	31.10%	18.9
Nikkei 225 (Japan)	28,948.73	7.21	0.02%	5.48%	28.82%	17.1
Hang Seng (Hong Kong)	28,842.13	-75.97	-0.26%	5.92%	17.82%	15.1
Shanghai Composite (China)	3,589.75	-2.10	-0.06%	3.36%	22.90%	13.0
MSCI World	3,012.75	15.39	0.51%	12.00%	39.84%	27.9
MSCI EAFE	2,366.11	8.32	0.35%	10.18%	32.24%	21.3

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	274.83	-1.96	-0.71%	17.88%	54.26%	27.0
S&P TSX Consumer Staples	689.43	1.95	0.28%	8.96%	13.37%	19.8
S&P TSX Energy	141.29	2.14	1.54%	55.25%	78.51%	24.4
S&P TSX Financials	370.28	-2.66	-0.71%	20.90%	43.56%	12.6
S&P TSX Health Care	76.78	3.78	5.18%	27.65%	44.46%	N/A
S&P TSX Industrials	356.11	2.40	0.68%	8.30%	34.85%	22.8
S&P TSX Info Tech.	196.54	4.27	2.22%	7.78%	31.64%	55.6
S&P TSX Materials	340.10	0.32	0.09%	6.08%	20.24%	19.7
S&P TSX Real Estate	355.54	8.07	2.32%	19.13%	33.38%	15.5
S&P TSX Communication Services	190.41	-0.79	-0.41%	16.29%	18.22%	24.0
S&P TSX Utilities	330.94	4.85	1.49%	3.58%	23.17%	21.1

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2021E
Oil-WTI futures (US$/Barrels)	$70.81	1.19	1.71%	45.94%	94.85%	$59.50
Natural gas futures (US$/mcf)	$3.28	0.19	6.04%	29.34%	81.14%	$2.75
Gold Spot (US$/OZ)	$1,876.40	-13.40	-0.71%	-0.88%	8.34%	$1,845
Copper futures (US$/Pound)	$4.54	0.00	-0.06%	29.06%	75.33%	$4.60

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/21e
Cdn$/US$	0.8223	-0.0051	-0.62%	4.74%	12.08%	0.83
Euro/US$	1.2110	-0.0055	-0.45%	-0.84%	7.20%	1.22
Pound/US$	1.4116	-0.0038	-0.27%	3.24%	12.03%	1.41
US$/Yen	109.66	0.17	0.16%	6.22%	2.63%	107

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

FIXED INCOME NUMBERS

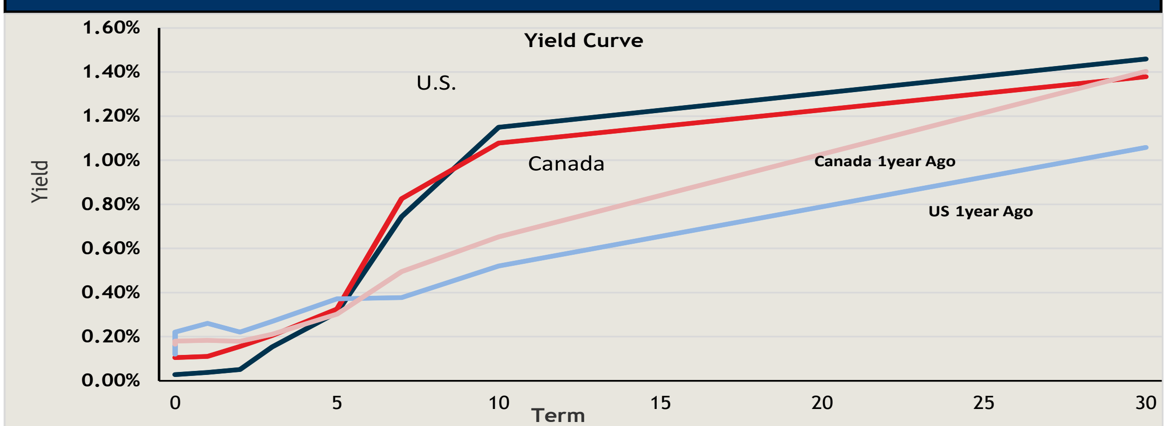
THE WEEK IN NUMBERS
(June 7th – June 11th)

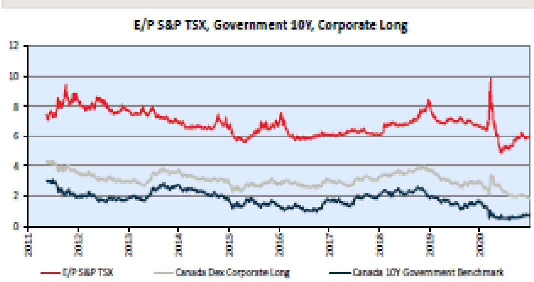
Canadian Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
CDA o/n	0.25%	0.0	CDA 5 year	0.83%	-8.8
CDA Prime	2.45%	0.0	CDA 10 year	1.38%	-15.0
CDA 3 month T-Bill	0.11%	-1.0	CDA 20 year	1.80%	-19.0
CDA 6 month T-Bill	0.16%	-1.4	CDA 30 year	1.94%	-20.8
CDA 1 Year	0.21%	-1.9	5YR Sovereign CDS	38.3	0.4
CDA 2 year	0.33%	-3.0	10YR Sovereign CDS	39.92	0.0

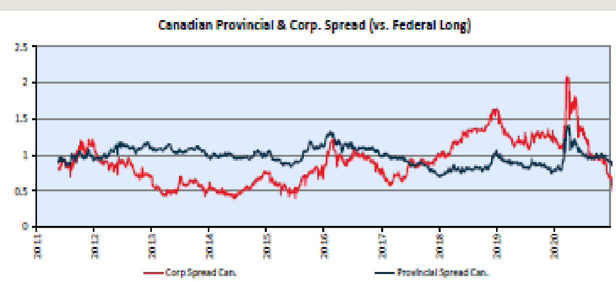
US Key Rate	Last	Change 1 month bps		Last	Change 1 month bps
US FED Funds	0-0.25%	0.0	US 5 year	0.74%	-7.7
US Prime	3.25%	0.0	US 10 year	1.46%	-15.8
US 3 month T-Bill	0.03%	-0.1	US 30 year	2.14%	-22.7
US 6 month T-Bill	0.04%	-0.3	5YR Sovereign CDS	9.96	0.4
US 1 Year	0.05%	-0.5	10YR Sovereign CDS	17.45	-0.6
US 2 year	0.15%	-1.4			

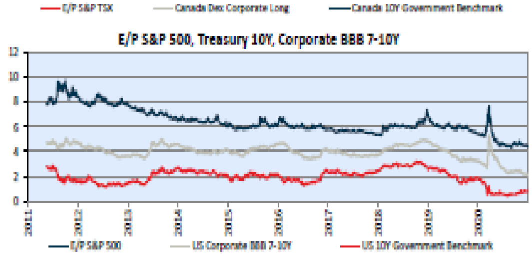
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	0.80%	-3.70%
FTSE Short Term Bond Index	0.18%	-0.16%
FTSE Mid Term Bond Index	0.93%	-2.70%
FTSE Long Term Bond Index	1.47%	-8.68%

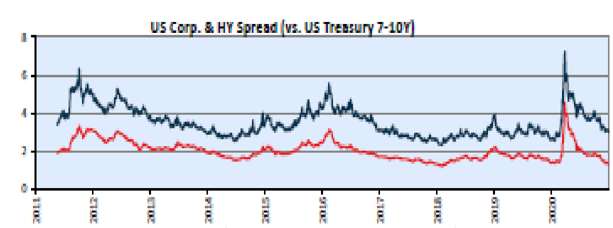
CURRENT YIELD CURVE









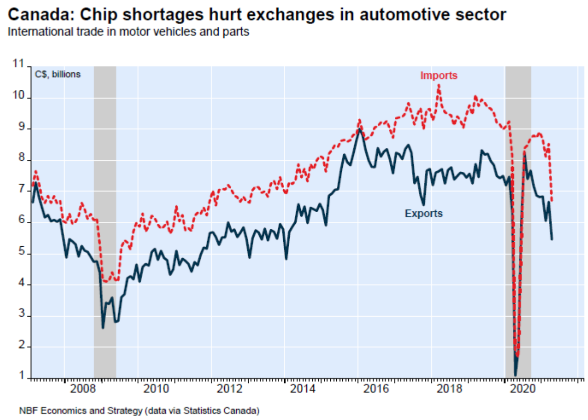


Source: Refinitiv & NBF

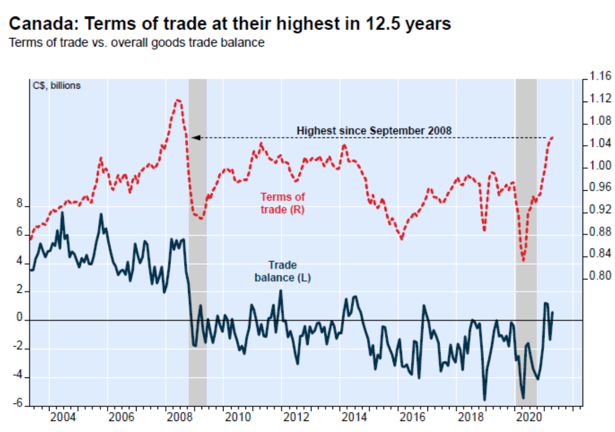
NBF Economy & Strategy Group

WEEKLY ECONOMIC WATCH

CANADA - The **merchandise trade balance** swung from -C$1.35 billion in March (initially estimated at C$1.14 billion) to +C$0.59 billion in April. Analysts expected a deficit of C$800 million. Nominal exports shrank 1.0% in the month, while nominal imports fell 4.7%. On the exports side, strong advances for consumer goods (+14.4%), electronic/electrical equipment (+6.9%), forestry products/building equipment (+4.4%), and aircraft/other transportation equipment (+6.3%) were more than offset by a sizeable retreat in the motor vehicles/parts segment (-18.1%). In all, just 5 of the 11 exports categories registered gains. Where imports are concerned, 9 of the 11 segments covered saw declines, notably motor vehicles/parts (-22.1%), metal ores/non-metallic minerals (-18.8%), energy products (-3.6%), and consumer goods (-3.3%). The energy surplus edged down from C$7.0 billion to C$6.8 billion, while the non-energy deficit narrowed from C$8.3 billion to C$6.2 billion. The trade surplus with the United States grew from C$4.2 billion to C$6.4 billion. In real terms, exports retraced 3.5%, while imports dropped 6.8%.



As a result, total trade (exports + imports) in the auto sector fell a whopping 20.3%, its fourth steepest monthly decline recorded in data going back to 1988. Outside the troughs of 2020, exports of motor vehicles/parts stood at their lowest level since January 2014 (C$5.5 billion), while imports were at their weakest since February 2012 (C$6.6 billion). Excluding autos, exports were up 1.6% and surpassed their pre-pandemic level by a resounding 10.9%. International shipments were driven by a solid showing in the consumer goods category, which was spurred by a strong economic recovery south of the border. Generous fiscal handouts from Washington, which have boosted household income in the United States, no doubt contributed to raise demand for Canadian wares. Ex-auto imports, meanwhile, slipped 1.3% under the effects of mounting COVID-19 cases in the country. The drop was broad-based, with 8 of the 10 categories surveyed registering declines. On a more optimistic note, the terms of trade continued to improve in April, reaching their highest level since September 2008.



At its June rate-setting meeting, the **Bank of Canada** opted to keep the target for the overnight rate at the effective lower bound of 0.25%, a decision fully expected by the market. After tapering its bond-buying program in April from $4 billion per week to $3 billion per week, the BoC decided to maintain this pace until further notice.

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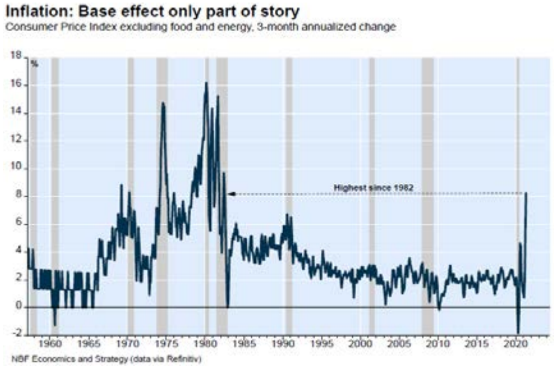
As there were no new economic projections presented, the BoC left its outcome-based forward guidance on the policy rate and on QE effectively unchanged as well. Regarding inflation, the Bank acknowledged recent red-hot readings but again stressed that these were “due primarily to temporary factors and base year effects” and had been expected. The statement also made sure to note that core measures had risen “much less” so than headline CPI inflation. The Bank now expected inflation to remain “near 3 percent through the summer” before easing later in the year under the downward pressure exerted by excess capacity. Finally, regarding the Canadian dollar, the statement acknowledged the continued appreciation observed of late but, in the same breath, highlighted further commodity price increases, particularly for oil. There was nothing in the statement to signal an imminent taper to be announced at the next policy meeting in July, although we are certainly flagging this as a non-trivial possibility, depending on how June job numbers turn out and on if and how the Fed alters its policy stance next week. A strong and broad-based bounce-back in employment combined with a less accommodative Fed would certainly provide the BoC with firmer grounds for letting up on bond purchases once again. As for the policy rate, July is unlikely to bring a change in forward guidance but we continue to flag two elements—the BoC’s less flexible policy mandate and upside risks to output gap closure—as drivers for a rate hike to occur earlier in its forward guidance “window” (i.e., in Q3 rather than Q4). The Bank’s next policy decision is scheduled for July 14.

Capacity utilization of Canadian industries rose 2 percentage points in the first quarter of 2021 to 81.7% from 79.7% in the fourth quarter. Gains in construction and mining, quarrying, and oil and gas extraction were the driver behind the increase in capacity utilization according to Statistic Canada.

UNITED STATES - The **Consumer Price Index** rose 0.6% in May after climbing 0.8% the prior month. The result was one tick stronger than expected by consensus. The energy component was flat in the month, with gasoline prices slipping 0.7%. The cost of food, for its part, increased 0.4%. The core CPI, which excludes food and energy, beat consensus expectations, too, progressing 0.7% after a 0.9% gain the prior month, which was the strongest recorded since April 1982. Prices for ex-energy services rose 0.4% on strong gains for shelter (+0.3%) and transportation (+1.5%), the latter boosted by a 7.0% increase in airline fares. Meanwhile, the price of core goods surged 1.8% on gains for used vehicles (+7.3% after jumping 10.0% the prior month), new vehicles (+1.6%), and apparel (+1.2%). Year on year, headline inflation clocked in at a 13-year high of 5.0%, up from 4.2% in April. The core CPI, meanwhile, climbed from 3.0% to 3.8%, its highest level since June 1992. The annual inflation rate strengthened once again in May, with the headline figure distorted by a positive base effect. Recall that inflation had been negatively impacted last year by the imposition of health measures to limit the spread of COVID-19. However, the base effect was only part of the story. To get a better idea of underlying price movements, we need to look at the recent momentum. Month on month, both the headline and core measures came in stronger than expected in May after very strong prints the prior month. Although some of that was due to a marked increase in the price of vehicles, other categories registered healthy gains as well. On a three-month annualized basis, the data were even more astounding, with headline inflation soaring 8.4% and the core index shooting up 8.3%. While the CPI has been extremely buoyant of late, the real question remains whether present inflationary pressures will be sustained. According to the Federal Reserve, the inflation overshoot is only temporary. We are not so sure of that. For one, business surveys already show that wage pressures are mounting and that business owners intend to raise prices. With the economy already in an expansionary phase and continuing to benefit from federal fiscal support and a loose monetary policy stance, the risk of further bottlenecks emerging cannot be ruled out. For all these reasons, we expect headline inflation to close the year above 3.0% and to remain above 2.5% for the foreseeable future.



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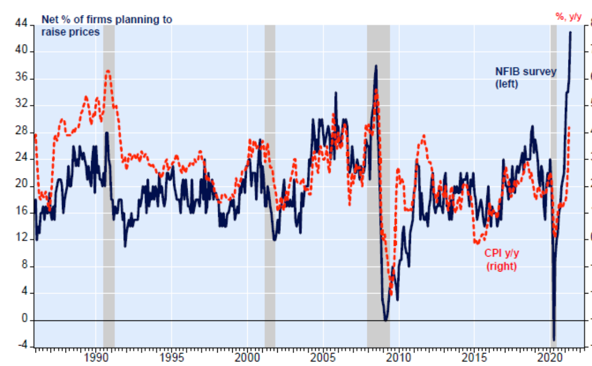
Initial jobless claims fell 9K to 376K in the week ending June 5. The advance number for seasonally adjusted insured unemployment (i.e., continued claims) fell 258K to 3,499K in the week ending May 29. The jobless claims report shows that, in the week ending May 22, the number of people receiving benefits under all programs, including those introduced since the start of the health crisis (i.e., Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation) fell 95K to 15.3 million. In the corresponding period the year before, recipients totaled 30 million.

In May, the **NFIB Small Business Optimism Index** slid to 99.6 from 99.8 the previous month. Again, small business owners reported supply-chain problems, including difficulty filling job openings. Among firms hiring or trying to hire, 93% (+1 point) reported few or no "qualified" applicants for positions they sought to fill in May. Also, a net 34% of owners (seasonally adjusted) reported raising employee compensation and a net 22% planned to do so over the next three months, up two points from April. In this context, 40% of owners (+4 pp) said they were raising their average selling prices. This is the highest such reading since April 1981. When asked about their plans over the next three months, 43% stated that they were looking to raise prices (+7 pp). This is not encouraging news for those who fear that inflation might end up being more persistent than originally expected by many FOMC participants. However, this was not the only cause for concern to be found in the NFIB's survey. Indeed, the net percentage of small business owners who expected the economy to improve over the next six months fell 7 points in April and another 11 points in May. In other times, we might think this merely indicated a normalization of expectations following a strong rebound. This time around it might reflect, instead, a growing inability to hire and mounting compensation costs—nothing to bolster expectations of stronger profit margins in the near future.

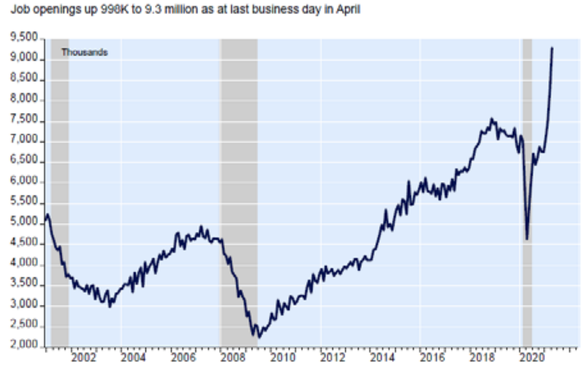
U.S.: 43% of small businesses plan to up prices in next three months



According to the **Job Openings and Labor Turnover Survey**, the number of available jobs to be filled rose 998K to 9.3 million as at the last business day of April, a new record high. Among the industries, the largest gains were recorded in accommodation and food services (+349K), other services (+115K), and durable goods manufacturing (+78K). Educational services (-23K) and mining and logging (-8K) reported declines. Total separations sprang 324K to 5.8 million. Quits, which are generally voluntary separations initiated by employees, jumped 384K to just under 3.95 million, a new series high. Layoffs and discharges fell 5% to 1.4 million and other separations rose 6% to 364K. Hires were little changed (+1.1%) at 6.1 million. In the 12 months ending April, hires (75.4 million) outnumbered separations (64.0 million) for a net employment gain of 11.3 million. The ratio of unemployed people to job openings dropped from 5.0 a year ago to 1.06.

United States: Number of job openings at new high in April

Job openings up 998K to 9.3 million as at last business day in April



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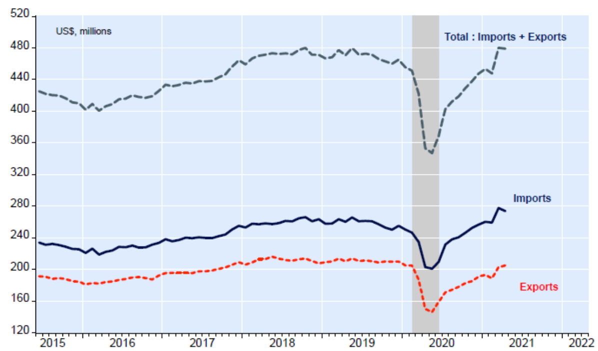
In April, the **goods and services trade deficit** amounted to US$68.9 billion, down US$6.1 billion from US$75.0 billion in March. Exports rose $2.3 billion (1.14%) to US$205.0 billion, while imports fell $3.8 billion (-1.37%) to US$273.9 billion. Month over month, goods exports increased US$1.6 billion to US$145.3 billion. The largest increase both in dollar and percentage terms was in the capital goods category, which grew US$2.07 billion (+4.9%). However, automotive vehicles and parts continued to be a source of weakness, as exports fell US$1.03 billion (-7.9%). Goods imports decreased $4.5 billion (-1.9%) to $232.0 billion in April, as consumer goods imports shrank US$2.6 billion (-3.9%). Again, autos and parts were a drag on imports, falling US$1.06 billion (-3.5%). As a result, the goods deficit fell US$6.2 billion to US$86.7 billion. In constant dollars (2012), the real goods deficit decreased US$7.2 billion to US$98.6 billion. The services side of the trade report showed that exports increased US$0.7 billion to $59.7 billion in the month and that imports rose from US$41.2 billion in March to US$41.9 billion. The services surplus edged down US$0.1 billion to US$17.8 billion. In April, both exports and imports had recovered substantially since the world was hit by COVID-19. In dollar terms, total imports were 9.3% above their January 2020 level while exports were basically flat, leaving total trade 5.1% above that level. However, on the services side, exports were still down 14.1% and imports were running 11.1% below their January 2020 levels. As the global economy re-open, trading activity in the service sectors should pick up.

Total trade in April was 5.1% above January 2020 level
Relative to January 2020 levels, imports up 9.3% but exports still marginally below



NBF Economics and Strategy (data via Bloomberg)

Sales of merchant wholesalers rose 0.8% in April to US$570.8 billion, following a 4.3% m/m gain in March. Sales of durable goods jump 2.1% in the month while those of nondurable fell 0.3%. Wholesale inventories rose 0.8% in April to US$698.0 billion. At April's sales pace it would take wholesalers 1.22 months to clear shelves, for a second month in a row. That is the shortest period since September 2014.

WORLD - At its June meeting, the **European Central Bank** kept its monetary policy unchanged, holding its main refinancing rate at 0.00%, its marginal lending rate at 0.25%, and its deposit facility rate at 0.50%. The ECB's €1.85-trillion Pandemic Emergency Purchase Program (PEPP), too, was left untouched. However, according to ECB President Christine Lagarde, purchases would continue through the three months to September at “a significantly higher pace than during the first months of the year”. The risk assessment to the outlook was changed from “tilted to the downside” in the short term to being “balanced” for the first time since the end of 2018. The economic growth forecast was revised up to 4.6% for 2021 and to 4.7% for 2022, and was left unchanged at 2.1% for 2023. The ECB now expected inflation to be 1.9% in 2021, 1.5% in 2022, and 1.4% in 2023. During her press conference, Lagarde noted that inflation was still far from meeting the ECB's target and “certainly not where we would like it to be once the pandemic is over”. Under these circumstances, the decision was made to keep “a steady hand” on policy. She acknowledged that there were “a couple of diverging views” on the decision despite “broad agreement” among council members. With the assessment of risks to the outlook now being characterized as balanced by the central bank, the question that comes to mind is whether the ECB's objective was to prepare the ground for the announcement of a reduction in its purchasing program in the fourth quarter?

In May, **China's trade surplus** in USD terms grew 6.2% to US$45.53 billion from US$42.86 billion the previous month. This was supported by growing international demand as more economies around the world opened up. Exports jumped 27.9% y/y and stood at US$263.9 billion for the month. Imports soared 51.1% y/y and were reported at US$218.3 billion for the month. Also in May, **consumer prices rose** 1.3% from a year earlier according to the National Bureau of Statistics in Beijing.

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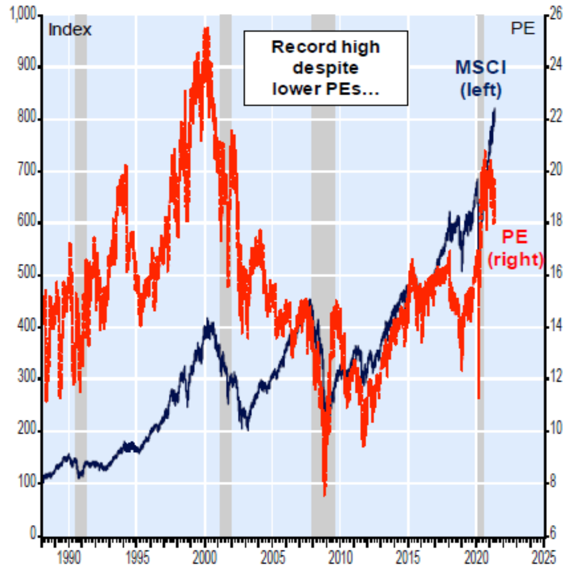
WORLD WATCH

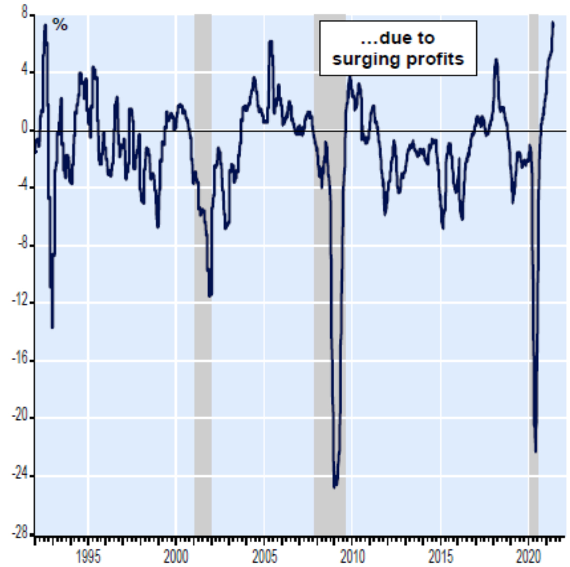
World: Best earnings revisions since 1992

Global equity markets rose to a new record high last week despite a contraction in forward PEs. As the Hot Chart shows, the PE ratio for the MSCI ACWI is down 8.7% from its cyclical high of 20.5 recorded last year. It is unusual for equity indices to trend higher when PEs are contracting. So why are markets still celebrating? Because of massive upward revisions to earnings. As shown, year-ahead estimates for MSCI ACWI earnings per share (EPS) have been revised up 7.2% in recent weeks, the most since 1992. At this writing, profits are expected to reach $38/share at this time next year, a level that is 18% above the pre-pandemic peak.

MSCI ACWI and
12-month forward PE



3-month change in 12-month forward EPS
estimates for the MSCI ACWI



NBF Economics and Strategy (data via Refinitiv)

NBF Economy & Strategy Group

MONTHLY EQUITY MONITOR – JUNE 2021

Highlights

- Global equity markets rose to a new record in early June. The run-up of equity markets continues to be supported by upward earnings revisions rather than P/E expansion. The forward P/E ratio of the MSCI ACWI has shrunk about 9% from last September's cyclical high of 20.5

- Over the past three months, year-ahead estimates of MSCI ACWI index earnings have been revised up 7.2%, the most since 1992. We do not see these expectations as too good to be true.

- At this writing, global economic momentum is firming. The J.P.Morgan global composite output index showed further improvement in May. This bodes well for the earnings outlook, since both volume sales and pricing power are firming

- The S&P/TSX is having an excellent year. The Canadian stock market is fuelled by surging economic output spurred by very favourable terms of trade and a resilient domestic economy. Real GDP rose a robust 5.6% annualized in Q1 and nominal GDP surged 18.4%. This was good news for corporate profits. The latter reached new records in the quarter as they rose to a whopping 29% above their 2019Q4 level

- Our asset mix is unchanged this month – overweight in equities and underweight in fixed income, with a geographic allocation favouring Canada and Emerging Markets to reflect our views on foreign exchange.

- Our sector allocation is altered this month to reflect robust global economic momentum against a back¬drop of improving public-health conditions, conducive to strong industrial production. We are therefore comfortable revising our 2021 WTI price forecast this month from $65 a barrel to $75 and upgrading our stance on Energy from market weight to overweight. We note that the Energy sector has the highest dividend yield (4.5%) among the main industries of the S&P/TSX (table). To make room for Energy, we are pruning our exposure to Financials. ***(Full report)***

NBF Asset Allocation

	Benchmark (%)	NBF Recommendation (%)	Change (pp)
Equities			
Canadian Equities	20	23	
U.S. Equities	20	18	
Foreign Equities (EAFE)	5	4	
Emerging markets	5	9	
Fixed Income	45	42	
Cash	5	4	
Total	100	100	

NBF Economics and Strategy

NBF Market Forecast
Canada

Index Level		*Actual* Jun-04-21	*Q42021 (Est.)* Target
S&P/TSX		20,029	20,600
Assumptions			Q42021 (Est.)
Level:	Earnings *	899	1250
	Dividend	523	727
PE Trailing (implied)		22.3	16.5
			Q42021 (Est.)
10-year Bond Yield		1.46	2.00

** Before extraordinary items, source Thomson*

NBF Economics and Strategy

NBF Market Forecast
United States

Index Level		*Actual* Jun-04-21	*Q42021 (Est.)* Target
S&P 500		4,230	4,300
Assumptions			Q42021 (Est.)
Level:	Earnings *	159	190
	Dividend	58	69
PE Trailing (implied)		26.5	22.6
			Q42021 (Est.)
10-year Bond Yield		1.56	2.00

** S&P operating earnings, bottom up.*

IN THE NEWS

U.S. and Canadian News

Monday June 7th, 2021

- **G7 finance ministers agree global minimum tax of at least 15%**
  Group of Seven rich nations agreed on Saturday to commit to a global minimum tax of at least 15% on a country by country basis.

Tuesday June 8th, 2021

- **Small business optimism slips on hiring, inflation worries**
  The National Federation of Independent Business (NFIB) Optimism Index fell 0.2 point to a reading of 99.6 in May after three straight monthly increases.
- **U.S. job openings jump to fresh record high in April**
  Job openings, a measure of labor demand, increased by 998,000 to 9.3 million on the last day of April, the highest level since the series began in December 2000, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report.
- **U.S. trade deficit narrows in April**
  The trade deficit dropped 8.2% to $68.9 billion in April. Data for March was revised higher to show the gap widening to an all-time high of $75.0 billion instead of $74.4 billion as previously reported. Economists had forecast a $69.0 billion trade deficit in April.
- **Canada posts trade surplus as chip shortage slashes imports, more pain predicted**
  Canada unexpectedly posted a trade surplus of $594 million in April, as a shortage of chips slashed imports and exports of motor vehicles and parts. Analysts polled by Reuters had predicted a deficit of $700 million after a revised $1.35 billion deficit in March.
- **Mortgage surge pushes Canada consumer debt to $2.1 trillion**
  New mortgage borrowing rose 41 per cent in the first quarter compared to the same period in 2020, when the pandemic began. The average limit on new mortgages -- the amount for which borrowers were approved -- jumped more than 20 per cent to $326,930.

Wednesday June 9th, 2021

- **U.S. wholesale inventories rise solidly; supply constraints loom**
  April wholesale inventories rose 0.8% as estimated last month. Stocks at wholesalers advanced 1.2% in March. Wholesale inventories increased 5.2% in April from a year earlier. Economists had forecast that April's increase in wholesale inventories would be unrevised. Sales at wholesalers rose 0.8% in April after accelerating 4.3% in March.
- **U.S. senators pursue infrastructure plan without tax hikes**
  A bipartisan group of 10 senators is trying to build support for a new infrastructure plan to revitalize U.S. roads and bridges without raising taxes, a day after President Joe Biden rejected a separate Republican proposal.
- **Bank of Canada keeps key rate unchanged, sees growth picking up this year**
  The Bank of Canada on Wednesday left its key interest rate unchanged at a record low 0.25%, as expected, and said the economy would “rebound strongly” as vaccinations against COVID-19 picked up. The central bank plans to maintain its current policy of quantitative easing.

Thursday June 10th, 2021

- **U.S. weekly jobless claims fall; consumer prices rise more than expected**
  Initial claims for state unemployment benefits totaled a seasonally adjusted 376,000 for the week ended June 5, compared to 385,000 in the prior week. Economists had forecast 370,000 applications for the latest week. Consumer price index increased 0.6% last month after surging 0.8% in April, which was the largest gain since June 2009. In the 12 months through May, the CPI accelerated 5.0%. That was the biggest year-on-year increase since August 2008, and followed a 4.2% rise in April. Economists had forecast the CPI rising 0.4% in May and vaulting 4.7% year-on-year.
- **U.S. House panel approves $547 bln infrastructure boost**
  The House bill adopts some proposals made by Democratic President Joe Biden as part of his broader $2.3 trillion infrastructure plan. Congress faces a Sept. 30 deadline to reauthorize surface transportation programs.
- **Bank of Canada brushes off temporary spike in inflation**
  Officials agreed the higher-than-expected inflation is largely due to unfavorable year-ago comparisons, Deputy Governor Tim Lane said, with continued excess supply expected to put downward pressure on prices once the base effects abate.

Friday June 11th, 2021

- **U.S. consumer sentiment rebounds in early June**
  The University of Michigan said its preliminary consumer sentiment index increased to 86.4 in the first half of this month from a final reading of 82.9 in May. Economists had forecast the index rising to 84.
- **Canadian Q1 industry capacity use rises to 81.7%**
  Canadian industries ran at 81.7% of capacity in the first quarter of 2021, up from a upwardly revised 79.7% in the fourth quarter of 2020. The increase in the first quarter was driven by gains in construction and in mining, quarrying, and oil and gas extraction. Economists had forecast a first quarter rate of 80.6% capacity utilization.

Click on title to view the full story.

IN THE NEWS

International News

Monday June 7th, 2021

- **China's imports grow at fastest pace in decade as materials prices surge**
  Imports increased 51.1% on year last month in dollar terms, the fastest growth since January 2011 but slower than the 51.5% rise tipped by the Reuters poll. China's exports in dollar terms in May grew 27.9% from a year earlier, slower than the 32.3% growth reported in April and missing analysts' forecast of 32.1%.
- **Russian May inflation accelerates to 6.0%, above forecast**
  Russia's annual consumer inflation accelerated to 6.0% in May, overshooting expectations and adding arguments for tighter monetary policy days before the central bank's rate-setting meeting.
- **UK consumer sentiment rises to 5-year high as lockdown eases - YouGov**
  British consumer sentiment rose last month to its highest level since April 2016, bolstered by expectations of greater job security and rising house prices, polling company YouGov said.
- **German industrial orders fall unexpectedly in April**
  The data published by the Federal Statistics Offices showed orders for industrial goods fell by 0.2% in seasonally adjusted terms. This confounded a Reuters forecast of a 1.0% rise and came after an upwardly revised increase of 3.9% in March.

Tuesday June 8th, 2021

- **Brazil retail sales show fastest April rise since 2000, bodes well for GDP**
  Brazilian retail sales excluding autos and construction materials rose a seasonally adjusted 1.8% in April from March, the strongest performance for that month since 2000. The median forecast of economists was for a 0.1% rise.
- **Supply bottlenecks throttle German industrial output in April**
  The Federal Statistics Office said industrial output dropped 1.0% on the month after a downwardly revised increase of 2.2% in March. A Reuters poll had pointed to a 0.5% rise in April.
- **German investor morale falls but strong recovery still expected**
  The ZEW economic research institute said its survey of investors' economic sentiment fell to 79.8 points from 84.4 in the previous month. A Reuters poll had forecast a rise to 86.0.
- **Japan upgrades Q1 GDP on smaller hit to domestic demand**
  The economy shrank by an annualised 3.9% in January-March, not as bad as the preliminary reading of a 5.1% contraction. The reading, which beat economists' forecast for a 4.8% decline, equals a real quarter-on-quarter contraction of 1.0% from the prior quarter, versus a preliminary 1.3% drop.

Wednesday June 9th, 2021

- **China's highest producer inflation in over 12 years highlights global price pressures**
  China's producer price index (PPI) increased 9.0%, the National Bureau of Statistics (NBS) said, as prices bounced back from last year's pandemic lows. The PPI rise in May - the fastest on-year gain for any month since September 2008 - was driven by significant price increases in crude oil, iron ore and non-ferrous metals, the NBS said. Analysts had expected the PPI to rise 8.5% after a 6.8% increase in April.
- **German exports rise slightly in April**
  Seasonally adjusted exports increased by 0.3% on the month after an upwardly revised rise of 1.3% in March. Imports dropped 1.7% after an increase of 7.1% in the prior month.
- **Chile's central bank says economy to grow 8.5% to 9.5% in 2021**
  The bank predicted average annual consumer prices in the world's top copper producer would rise 3.9% in 2021.

Thursday June 10th, 2021

- **ECB projects brighter outlook but keeps "steady hand" on stimulus**
  The European Central Bank raised its growth and inflation projections on Thursday but pledged a steady flow of stimulus over the summer, fearing that a retreat now would accelerate a concerning rise in borrowing costs and choke off the recovery. It now sees 2021 growth at 4.6%, above the 4% projected in March, while next year's forecast was lifted to 4.7% from 4.1%.
- **China bank loans unexpectedly rise in May, but broader credit growth slows**
  Chinese banks extended 1.5 trillion yuan (US$234.76 billion) in new yuan loans in May, up from 1.47 trillion yuan in April and beating analysts' expectations of 1.41 trillion yuan. As expected, growth in outstanding yuan loans eased to 12.2% year-on-year, the slowest pace since February 2020, and compared with 12.3% in April.

Friday June 11th, 2021

- **Russia raises key rate to 5.5%, flags more hikes to curb inflation**
  Russia's central bank raised its key interest rate by 50 basis points to 5.5% and said more hikes would be needed to rein in high inflation. Analysts had forecast the key rate would rise from 5% to 5.5%, its highest since April 2020.
- **G7 eyes allocating $100 billion from IMF funds to COVID-ravaged nations**
  The issue will be on the table when G7 leaders discuss how to help steer the world's recovery from the coronavirus pandemic at a three-day summit in Cornwall, southwestern England.
- **UK economy posts record annual jump in April, up 27.6%**
  British economic output in April was a record 27.6% larger than 12 months before, an increase that reflects the recent reopening from lockdown.
- **China's auto sales fell 3% in May, first drop in 14 months**
  Vehicle sales in China fell 3% in May from the same month a year earlier, snapping a streak of 13 consecutive months of gains since April 2020.

Click on title to view the full story.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Trillium Therapeutics Inc	$11.81	$1.99	20.26%
Transcontinental Inc	$25.75	$3.56	16.04%
Real Matters Inc	$17.60	$1.99	12.75%
ATS Automation Tooling Systems Inc	$34.27	$3.54	11.52%
Aritzia Inc	$33.21	$3.12	10.37%
Tourmaline Oil Corp	$33.25	$2.67	8.73%
Ballard Power Systems Inc	$22.11	$1.61	7.85%
Aurora Cannabis Inc	$11.94	$0.86	7.76%
Canopy Growth Corp	$31.44	$2.15	7.34%
ARC Resources Ltd	$10.10	$0.67	7.10%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Lithium Americas Corp	$18.19	-$1.17	-6.04%
Jamieson Wellness Inc	$34.34	-$2.13	-5.84%
Hudbay Minerals Inc	$8.73	-$0.50	-5.42%
Magna International Inc	$119.48	-$5.76	-4.60%
NovaGold Resources Inc	$11.81	-$0.53	-4.29%
BRP Inc	$92.90	-$3.76	-3.89%
Teck Resources Ltd	$28.73	-$1.12	-3.75%
Osisko Mining Inc	$3.31	-$0.12	-3.50%
Canadian Western Bank	$34.72	-$1.17	-3.26%
Celestica Inc	$10.09	-$0.33	-3.17%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Biogen Inc	$396.64	$110.50	38.62%
Eli Lilly and Co	$224.09	$22.07	10.92%
NRG Energy Inc	$37.30	$3.40	10.03%
Enphase Energy Inc	$147.13	$12.43	9.23%
Illumina Inc	$453.17	$35.05	8.38%
ServiceNow Inc	$498.01	$37.36	8.11%
Catalent Inc	$109.05	$7.89	7.80%
Adobe Inc	$541.26	$36.76	7.29%
Tyler Technologies Inc	$430.79	$27.57	6.84%
Generac Holdings Inc	$349.18	$21.78	6.65%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
Organon & Co	$29.65	-$4.50	-13.18%
DISH Network Corp	$40.07	-$5.04	-11.17%
Caterpillar Inc	$220.70	-$23.32	-9.56%
Vertex Pharmaceuticals Inc	$193.02	-$16.91	-8.06%
United Rentals Inc	$305.34	-$26.73	-8.05%
Devon Energy Corp	$29.29	-$2.37	-7.49%
Huntington Bancshares Inc	$14.47	-$1.16	-7.42%
Campbell Soup Co	$46.11	-$3.57	-7.19%
Progressive Corp	$93.60	-$6.76	-6.74%
Brown-Forman Corp	$75.56	-$5.14	-6.37%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Dollarama Inc.	DOL	Outperform	Outperform	**C$65.00**	**C$63.00**
Doman Building Materials Group Ltd.	DBM	Outperform	Outperform	**C$13.50**	**C$12.50**
EXFO Inc.	EXF	**Tender**	**Sector Perform**	**US$6.00**	**US$4.50**
Flagship Communities REIT	MHC.U	**Restricted**		**Restricted**	
Granite REIT	GRT.UN	**Outperform**	**Restricted**	**C$90.00**	**Restricted**
North American Construction Group Ltd.	NOA	Outperform	Outperform	**C$24.00**	**C$23.00**
NorthWest Healthcare Properties REIT	NWH.un	**Restricted**		**Restricted**	
Nuvei Corporation	NVEI	**Outperform**	**Restricted**	**C$120.00**	**Restricted**
Topaz Energy Corp.	TPZ	**Outperform**	**Restricted**	**C$18.00**	**Restricted**
Toromont Industries Ltd.	TIH	Outperform	Outperform	**C$125.00**	**C$108.00**
Transcontinental Inc.	TCL.A	Outperform	Outperform	**C$28.00**	**C$26.00**
Tricon Residential Inc.	TCN	**Outperform**	**Restricted**	**C$14.50**	**Restricted**

STRATEGIC LIST - WEEKLY UPDATE

(June 7th – June 11th)

No Changes this Week:

Comments:

Consumer Discretionary (Market Weight)

Dollarama Inc. (DOL)

NBF: Despite the slight headline EPS miss relative to NBF/cons., NBF believes DOL performed well, delivering y/y EBITDA margin expansion and double-digit y/y EPS growth. They attribute the EPS miss to COVID-19 related impacts; their calculations suggest sssg of -15.4% in April (renewed restrictions) after delivering sssg of 15.2% over the first 9 weeks of the quarter. Sssg was 5.8% (basket growth was 9.3%; transaction growth was -3.2%). Total revenue was $954 mln vs. NBF at $959 mln and cons. at $963 mln; last year was $845 mln. EBITDA was $248 mln vs. NBF at $251 mln and cons. at $258 mln; last year was $214 mln. Challenged sales performance is anticipated through at least early Q2/F22 as Ontario (~40% of DOL's stores) restrictions will remain until June 11, 2021. Thereafter, NBF expects strong sales performance. Management suggested a flattish y/y gross margin rate and SG&A rate (ex. COVID-19 costs) for F2022. Based on NBF's forecasts for other parameters, this suggests an EPS range of $2.20 to $2.28 vs. NBF at $2.25; They note that DOL has historically provided conservative guidance. NBF maintains a positive view on DOL's shares given continued growth expectations coupled with a defensive business model. Maintain Outperform rating; Price target increases to $65.00 from $63.00.

Energy (Overweight)

Enbridge Inc. (ENB)

NBF: Enbridge announced the sale of its non-core, 38.9% minority interest in Noverco Inc. (ownership: 38.9% ENB, 61.1% Trencap L.P.) to Trencap for cash proceeds of $1.14 bln, net of non-recourse debt assumed by Trencap. Meanwhile, excluding ~3.0 mln of pro-rata reciprocal ENB shares held by Noverco (i.e., ~$140 mln), NBF calculates a net price tag for the underlying utility assets of ~$1.0 bln, representing a transaction multiple of ~25x 2020 earnings of $39 mln. Recall, Noverco is a holding company that wholly-owns Énergir, LP (formerly Gaz Métro LP), a natural gas distribution company operating in Quebec and Vermont, with interests in subsidiaries operating gas transmission, gas distribution and power distribution, as well as a 100% interest in Valener Inc. (see figure below). The transaction is expected to close by early 2022, subject to necessary regulatory approvals and closing conditions, with proceeds anticipated to be used for short-term debt repayment. Overall, the relatively nominal non-core divestiture is largely neutral to NBF 2022e AFFO/sh of $5.33 and consolidated business mix of ~13% Utility-based, while NBF views the $1.14 bln liquidity boost as credit accretive, supporting completion of the company's US$4 bln U.S. portion of the Line 3 Replacement as well as any upward cost pressure on the ~$500 mln Line 5 Tunnel project, while potentially accelerating certain energy transition initiatives including a large-scale CO2 pipeline from the oil sands. That said, NBF is cognizant of the potential for modest short-term selling pressure on the stock as the consortium of Trencap will likely look to divest of Noverco's ~7.5 mln common share ownership in ENB (~$350 mln) before transaction close, albeit representing less than one day's average trading volume on the TSX alone (~9.5 mln YTD). NBF maintained its Outperform rating and $51.00 target price.

Tourmaline Oil Corp. (TOU)

NBF: Tourmaline announced the $1.1 bln acquisition of Black Swan Energy Ltd. (Private), adding +50 mboe/d (23% liquids) of production, 360 sections of land in NEBC and $245 mln in cash flow at a cost of $20,000/boed & 4.5x P/CF (generally in line with historic). The transaction positively deploys its premium cost of capital, funded through the exchange of 26 mln common shares (plus assumption of $350 mln net debt) and is expected to be accretive to all metrics. The acquired assets are entirely synergistic with the company's existing assets and strategy in NEBC, and sees the consolidation of a high-quality resource with a competitive capital efficiency & netback profile. The company expects that its operating profile can bring cost & capital efficiency synergies of approximately 15-20% to the acquired assets, which should augment a maintenance-free cash flow profile of $175 mln (16% yield). The acquisition serves to further entrench the company as the dominant gas producer in the country (15% of market share vs. largest U.S. producer ~5%), augmenting shareholder value through an expanding market share & margins in a disciplined fashion. In association with the acquisition, TOU has expanded its 2021 capital budget to $1.3 bln (from $1.2 bln) to deliver avg. production of 434 mboe/d (from 413 mboe) while generating $1.2 bln in FCF (+10% yield) on strip, while plans for 2022 stand for investment of $1.2 bln (from $1.1 bln) to deliver avg. production of 494 mboe/d (from 440 mboe/d) while generating $1.3 bln in FCF (~15% yield). The company has increased its cash dividend by 6% to a 2% cash yield, and given the structure of its financing of the transaction, its capitalization remains pristine with a forecast D/CF of 0.1x (2022e). In NBF's view this is a strong acquisition that strengthens TOU's gravitational pull, and its market leadership as Canada's largest gas producer should continue to deliver massive shareholder value (i.e., 10-15% FCF yield on strip). On NBF, TOU is poised for a 9% return profile (in line with peers) on leverage of 0.4x (vs. peers 0.8x) while trading at 5.2x 2022e EV/DACF (vs. peers 3.8x). NBF maintained its Outperform rating and raised its target price to $40.00 from $$37.50.

Financials (Market Weight)

Canadian Banks

NBF: With bank stocks up 26% YTD, outperforming the S&P/TSX by ~1,100 bps, NBF often gets asked if all the upside has been "priced in" the stocks. If it considers the multitude of earnings catalysts on the horizon, including credit provision reversals, accelerating loan growth, capital management and rising rates… it's hard to say that "everything" has been reflected in sector valuation. If it looks specifically at potential earnings upside tied to rising rates, using bank sensitivity disclosures as a guide, NBF sees that sector valuation still has room for expansion. NBF compared current valuation to pro-forma valuation assuming an earnings uplift from rates. It included pro-forma valuation that includes the assumption of higher spreads on excess deposits currently on bank balance sheets and without this additional upside. BMO and CM provided additional disclosure that suggested that NII upside from a 100 bps increase in rates could be ~40% lower if removing the assumption of higher spreads on excess deposits, which NBF has applied to the other banks. What we see from this analysis are two things. First, the weighted average group 2022E P/E multiple drops by 4-6% (to sub-11x in both cases), which is attractive considering additional catalysts on the horizon for the sector. Second, TD stands out as the bank with the most attractive pro forma valuation, with its current P/E premium essentially evaporating in a rising rate scenario. Granted, these valuation figures reflect an aggressive assumption (e.g., 100 bps BoC/Fed rate hikes immediately). However, if combined with the aforementioned sector catalysts that are also potential EPS tailwinds (e.g., credit reversals, capital deployment) NBF believes that current sector valuation is at the very least reasonable and has potential room for expansion.

Intact Financial Corp. (IFC)

NBF: IFC to sell RSA's Danish business, significantly de-risking entry into UK&I. NBF previously speculated that IFC would sell RSA's Danish ("Codan") business, which is 50% co-owned by Tryg A/S, in a March 29 note. It's official now - Intact and Tryg A/S have agreed to sell the business to Alm. Brand A/S Group for total cash consideration of ~DKK 12.6 billion, which translates to ~CAD$2.52 billion or £1.45 billion (vs previously speculated £1.28 billion or €1.5 billion). IFC will receive 50% of the proceeds or DKK 6.3 billion, which translates to ~CAD$1.26 billion or £726 million (vs previously speculated £641 million). The transaction is expected to close in H1 2022. NBF believes the news will act as a positive catalyst to help vaporize the trading discount. IFC currently trades at 2.2x P/B (proforma equity held in escrow) vs. the five-year average of ~2.4x. NBF price target of $205.00 (unchanged) implies a ~2.6x multiple (unchanged) on its BV estimate (ex. AOCI) in Q1 2022 (plus 1.0x AOCI).

Industrials (Market Weight)

Toromont Industries Ltd. (TIH)

NBF: Is M&A optionality again imputed in the premium valuation? For quite some time, NBF has been faced with a dilemma – TIH shares are never "cheap", but the business is rock solid. With a pristine balance sheet and a strong capital deployment track record, NBF is wondering if the market is anticipating another Hewitt-type accretive deal. On paper, a large deal would result in ~20% EPS accretion; NBF views a rental-focused transaction as the more likely outcome given availability of assets in the company's geographies. NBF took a mathematical approach to reverse-engineer for the implied M&A probability in TIH's share price. The conclusion? 28%. While it's always tempting to be tactical with recommendations / positioning, once someone has identified a quality asset, unless something changes structurally, for a compounding company, doing nothing is likely the best strategy. NBF believes Toromont fits one of those rare definitions – "do nothing – i.e., hold, unless proven otherwise" stories. While balance sheet deployment is logical as TIH once again gets close to net cash position, NBF doesn't have an obvious geographically contiguous transaction to suggest. That being said, increasing a dividend or even a special dividend is always an option if cash starts to accumulate aggressively. With strong execution, rebuilding backlog and funding capacity, NBF believes it has to trust management to find the right asset, whenever that may be. NBF is therefore moving to a probabilistic NAV, explicitly modeling a sizeable deal over the coming 2 years; NBF target price moves to $125.00 (from $108.00), outperform rating.

Materials (Overweight)

Agnico Eagle Mines Ltd. (AEM)

NBF: Agnico Eagle released its 2020 Sustainability report on April 30th. Key highlights include:

- **Environment:** Agnico Eagle reported a positive trend in its water recycling performance, with 67% of total water reused and recycled, up from 62% in 2019. 52% of Agnico Eagle's electricity usage was sourced from renewable sources, with Quebec hydropower being a key driver. GHG intensity (CO2e/oz) continued to rise Y/Y to 0.40 tonnes/oz, a function of the Nunavut operations continuing to ramp. Nunavut operations accounted for 59% of total GHG emissions in 2020 for Scope 1 and 2 emissions.
- **Social:** At year end, Agnico Eagle employed nearly 9,000 people with about 15% of the workforce being women. Agnico Eagle's southern business unit was 100% staffed by locals. The Company invested US$5.3 million in community investments, bringing the total to US$52 million since 2009. The Company also sourced US$876 million through local procurement efforts, up modestly Y/Y. The Company continues to focus on health and safety initiatives and reported a relatively flat performance rate in 2020 vs. 2019.
- **Governance:** Agnico Eagle noted a Sustainability Governance structure that is present at all levels of company management. By year end, Agnico Eagle had resolved 75% of the 71 complaints it had received in 2020.

Agnico Eagle has a stated goal of not only meeting, but going beyond, regulatory requirements for health, safety, environmental, social and governance matters. Agnico Eagle has a practice of integrating sustainability considerations into its business strategy, as well as the planning and managing of its activities. Agnico Eagle has a Sustainable Development Policy in place that highlights its commitment to health and wellness, to the protection of Human Rights, and to minimize risks associated with the management of tailings and water.

SSR Mining Inc. (SSRM)

NBF: SSR Mining announced that it has amended its existing US$75 mln undrawn credit facility, increasing its size to US$200 mln. The new revolver's term has been extended four years to June 8, 2025 and now includes a larger accordion feature from US$25 mln to US$100 mln. Funds drawn will be subject to variable interest rates of LIBOR plus 2-3%, based on the company's net leverage ratio and total amount drawn on the revolver. The facility is guaranteed by the company's material North American subsidiaries and secured against assets of the company. The revolver can be used by SSR Mining for working capital, reclamation bonding and other general corporate needs. The facility adds flexibility to SSR Mining's already strong balance sheet with US$891 mln cash and US$423 mln debt (US$469 mln net cash) as at Q1. NBF estimates NTM FCF (at US$1,845/oz Au) of US$279 mln after US$164 mln share repurchases and paying US$42 mln in dividends. NBF continues to view SSR Mining as a Top Pick, given its discounted valuation, peer-leading FCF yield of 6.7% in 2021 and 8.4% in 2022, quality of its exploration pipeline and management's reputation with respect to achieving guidance and being prudent allocators of capital. NBF maintained its Outperform rating and $36.00 target price.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							**4.9**	**Market Weight**
Quebecor Inc.	QBRb.TO	29-Nov-18	$ 28.70	$ 32.24	3.4	0.5		
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$ 65.84	$ 62.50	3.2	0.5		
Consumer Discretionary							**4.0**	**Market Weight**
Dollarama Inc.	DOL.TO	19-Mar-20	$ 38.96	$ 55.75	0.4	0.6		
Gildan Activewear Inc.	GIL.TO	20-May-21	$ 42.72	$ 43.67	1.7	1.9		
Consumer Staples							**3.6**	**Market Weight**
Alimentation Couche-Tard Inc.	ATDb.TO	26-Jan-17	$ 30.09	$ 45.32	0.8	0.7		
Loblaw Companies Ltd.	L.TO	25-Mar-21	$ 68.50	$ 76.00	1.8	0.3		
Energy							**13.0**	**Overweight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$ 12.26	$ 12.15	0.6	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	$ 59.87	$ 48.27	6.9	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	$ 16.68	$ 33.25	2.1	1.4		
Financials							**31.7**	**Market Weight**
Bank of Montreal	BMO.TO	25-Mar-21	$ 112.23	$ 126.92	3.3	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	$ 8.58	$ 13.60	1.9	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$ 585.81	$ 559.09	2.3	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$ 130.04	$ 168.66	2.0	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$ 60.69	$ 126.10	3.5	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	$ 57.07	$ 64.16	3.4	1.4		
Health Care							**1.4**	**Market Weight**
Industrials							**11.6**	**Market Weight**
Lifeworks Inc.	LWRK.TO	26-Sep-19	$ 32.72	$ 33.08	2.4	0.7		
Stantec Inc.	STN.TO	20-May-21	$ 53.96	$ 54.75	1.2	0.7		
Toromont Industries Ltd	TIH.TO	05-Dec-19	$ 67.24	$ 108.15	1.6	0.7		
Information Technology							**9.4**	**Underweight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$ 100.05	$ 141.64	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$ 41.61	$ 60.45	1.6	0.9		
Materials							**12.7**	**Overweight**
Agnico Eagle Resources Ltd.	AEM.TO	17-Dec-14	$ 27.00	$ 86.66	2.0	0.5		
SSR Mining Inc.	SSRM.TO	30-Jan-20	$ 23.81	$ 21.60	1.1	0.6		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	$ 27.15	$ 28.73	0.7	1.2		
REITs							**3.1**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$ 49.82	$ 57.42	2.4	0.7		
RioCan REIT	REI_u.TO	23-Aug-18	$ 19.95	$ 21.80	4.4	1.2		
Utilities							**4.5**	**Underweight**
Capital Power Corp.	CPX.TO	22-Aug-19	$ 30.90	$ 40.32	5.1	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	$ 15.00	$ 21.46	3.4	0.8		

Source: Refinitiv (Priced June 11, 2021 after market close)

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

Week Ahead

THE ECONOMIC CALENDAR

(June 14th – June 18th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
15-Jun	08:30	NY Fed Manufacturing	Jun	24.30	22.50	Index
15-Jun	08:30	**PPI Final Demand YY**	May	6.2%	6.4%	Percent
15-Jun	08:30	**PPI Final Demand MM**	May	0.6%	0.6%	Percent
15-Jun	08:30	PPI exFood/Energy YY	May	4.1%		Percent
15-Jun	08:30	PPI exFood/Energy MM	May	0.7%	0.5%	Percent
15-Jun	08:30	PPI ex Food/Energy/Tr YY	May	4.6%		Percent
15-Jun	08:30	PPI ex Food/Energy/Tr MM	May	0.7%		Percent
15-Jun	08:30	**Retail Sales MM**	May	0.0%	-0.4%	Percent
15-Jun	08:30	Retail Sales Ex-Autos MM	May	-0.8%	0.5%	Percent
15-Jun	08:30	Retail Control	May	-1.5%	0.3%	Percent
15-Jun	08:30	Retail Sales YoY	May	51.22%		Percent
15-Jun	09:15	**Industrial Production MM**	May	0.7%	0.5%	Percent
15-Jun	09:15	Capacity Utilization SA	May	74.9%	75.0%	Percent
15-Jun	09:15	Manuf Output MM	May	0.4%	0.4%	Percent
15-Jun	09:15	Industrial Production YoY	May	16.49%		Percent
15-Jun	10:00	**Business Inventories MM**	Apr	0.3%	-0.1%	Percent
15-Jun	10:00	NAHB Housing Market Indx	Jun	83	83	Index
15-Jun	16:00	Overall Net Capital Flows	Apr	146.4B		USD
16-Jun	07:00	MBA Mortgage Applications	7 Jun, w/e	-3.1%		Percent
16-Jun	08:30	**Building Permits: Number**	May	1.733M	1.738M	Number of
16-Jun	08:30	Build Permits: Change MM	May	-1.3%		Percent
16-Jun	08:30	**Housing Starts Number**	May	1.569M	1.630M	Number of
16-Jun	08:30	House Starts MM: Change	May	-9.5%		Percent
16-Jun	08:30	**Import Prices MM**	May	0.7%	0.8%	Percent
16-Jun	08:30	Export Prices MM	May	0.8%	0.6%	Percent
16-Jun	08:30	Import Prices YY	May	10.6%		Percent
16-Jun	10:30	EIA Wkly Crude Stk	7 Jun, w/e	-5.241M		Barrel
16-Jun	14:00	**Fed Funds Tgt Rate**	16 Jun	0-0.25	0-0.25	Percent
16-Jun	14:00	FFR Projection-Current	Q2	0.1%		Percent
16-Jun	14:00	FFR Projection-1st Yr	Q2	0.1%		Percent
16-Jun	14:00	FFR Projection-2nd Yr	Q2	0.1%		Percent
16-Jun	14:00	FFR Projection-Longer	Q2	2.5%		Percent
17-Jun	08:30	**Initial Jobless Clm**	7 Jun, w/e	376k		Person
17-Jun	08:30	Jobless Clm 4Wk Avg	7 Jun, w/e	402.50k		Person
17-Jun	08:30	Cont Jobless Clm	31 May, w/e	3.499M		Person
17-Jun	08:30	Philly Fed Business Indx	Jun	31.5	31.0	Index
17-Jun	10:00	Leading Index Chg MM	May	1.6%	1.3%	Percent
17-Jun	10:30	EIA-Nat Gas Chg Bcf	7 Jun, w/e	98B		Cubic foot

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus	Unit
14-Jun	08:30	**Manufacturing Sales MM**	Apr	3.5%		Percent
15-Jun	08:15	**House Starts, Annualized**	May	268.6k		Number of
16-Jun	08:30	**CPI Inflation MM**	May	0.5%		Percent
16-Jun	08:30	CPI Inflation YY	May	3.4%	3.5%	Percent
16-Jun	08:30	CPI BoC Core YY	May	2.3%		Percent
16-Jun	08:30	CPI BoC Core MM	May	0.5%		Percent
16-Jun	08:30	Wholesale Trade MM	Apr	2.8%		Percent
17-Jun	08:30	Securities Cdns C$	Apr	21.22B		CAD
17-Jun	08:30	Securities Foreign C$	Apr	3.25B		CAD
18-Jun	08:30	New Housing Price Index	May	1.9%		Percent

Source : Refinitiv

S&P500 INDEX QUARTERLY EARNINGS CALENDAR

Monday June 14th, 2021

None

Tuesday June 15th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Oracle Corp	ORCL	Aft-mkt	1.308

Wednesday June 16th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Lennar Corp	LEN	Aft-mkt	2.364

Thursday June 17th, 2021

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Adobe Inc	ADBE	Aft-mkt	2.816
Kroger Co/The	KR	Bef-mkt	0.939

Friday June 18th, 2021

None

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

Nothing in the S&P/TSX Earnings Calendar

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