March 8, 2024

Week in Numbers

March 4, 2024 - March 8, 2024

INDEX	LAST PRICE	CHANGE WEEK	CHANGE WEEK (%)	CHANGE YTD (%)	CHANGE 1 YR (%)	TRAILING P/E
Dow Jones Industrial	38,722.69	-364.69	-0.93%	2.74%	20.05%	23.9
S&P 500	5,123.69	-13.39	-0.26%	7.42%	30.76%	25.6
Nasdaq Composite	16,085.11	-189.83	-1.17%	7.15%	41.86%	14.5
S&P/TSX Composite	21,737.53	185.18	0.86%	3.72%	8.22%	17.0
Dow Jones Euro Stoxx 50	4,961.11	66.25	1.35%	9.72%	15.75%	15.3
FTSE 100 (UK)	7,659.74	-22.76	-0.30%	-0.95%	-2.79%	12.6
DAX (Germany)	17,814.51	79.44	0.45%	6.34%	13.95%	14.2
Nikkei 225 (Japan)	39,688.94	-221.88	-0.56%	18.60%	38.66%	22.8
Hang Seng (Hong Kong)	16,353.39	-236.05	-1.42%	-4.07%	-17.93%	N/A
Shanghai Composite (China)	3,046.02	19.00	0.63%	2.39%	-7.02%	12.0
MSCI World	3,391.26	27.22	0.81%	7.01%	26.01%	21.7
MSCI EAFE	2,353.98	50.08	2.17%	5.27%	14.11%	15.7

S&P TSX SECTORS	LAST PRICE	CHANGE WEEK	CHANGE WEEK (%)	CHANGE YTD (%)	CHANGE 1 YR (%)	TRAILING P/E
S&P TSX Consumer Discretionary	279.75	0.03	0.01%	2.38%	9.36%	17.6
S&P TSX Consumer Staples	927.68	2.45	0.26%	7.17%	11.79%	20.0
S&P TSX Energy	265.59	-2.67	-1.00%	9.72%	8.39%	10.0
S&P TSX Financials	393.73	4.06	1.04%	2.58%	7.38%	13.4
S&P TSX Health Care	24.07	-0.97	-3.87%	1.48%	15.83%	N/A
S&P TSX Industrials	462.19	3.29	0.72%	9.39%	14.87%	22.4
S&P TSX Info Tech.	226.68	-1.75	-0.77%	6.55%	43.66%	59.7
S&P TSX Materials	311.18	15.15	5.12%	-1.83%	-4.75%	17.5
S&P TSX Real Estate	312.01	1.64	0.53%	0.82%	-3.93%	23.6
S&P TSX Communication Services	168.10	-3.00	-1.75%	-2.58%	-9.49%	19.3
S&P TSX Utilities	279.42	7.62	2.80%	-1.08%	-6.86%	17.0

COMMODITIES	LAST PRICE	CHANGE WEEK	CHANGE WEEK (%)	CHANGE YTD (%)	CHANGE 1 YR (%)	NBF Q2/24e
Oil-WTI futures (US$/Barrels)	$77.91	-2.06	-2.58%	8.74%	2.89%	$75.00
Natural gas futures (US$/mcf)	$1.80	-0.03	-1.80%	-28.32%	-29.14%	$2.50
Gold Spot (US$/OZ)	$2,177.80	90.90	4.36%	5.60%	19.05%	$2,060
Copper futures (US$/Pound)	$3.88	0.03	0.75%	0.09%	-4.21%	$3.90

CURRENCIES	LAST PRICE	CHANGE WEEK	CHANGE WEEK (%)	CHANGE YTD (%)	CHANGE 1 YR (%)	NBF Q2/24e
Cdn$/US$	0.7413	0.0039	0.53%	0.47%	2.53%	0.76
Euro/US$	1.0937	0.0100	0.92%	2.20%	3.37%	1.11
Pound/US$	1.2852	0.0202	1.60%	6.24%	7.77%	1.25
US$/Yen	147.06	-3.05	-2.03%	12.17%	8.02%	130

Source: NBF, LSEG

Contact your Wealth Management Advisor for more information regarding this document.

Week in Review

February 26, 2024 – March 1, 2024

Figure 1: Key Interest Rates (Canada & U.S.)

CANADIAN KEY RATE	LAST	CHANGE 1 MONTH (BPS)	CANADIAN KEY RATE	LAST	CHANGE 1 MONTH (BPS)
CDA o/n	5.00%	0.0	CDA 5 year	3.42%	-23.5
CDA Prime	7.20%	0.0	CDA 10 year	3.34%	-21.7
CDA 3 month T-Bill	4.94%	-7.0	CDA 20 year	3.34%	-17.8
CDA 6 month T-Bill	4.93%	-9.0	CDA 30 year	3.25%	-18.7
CDA 1 Year	4.70%	-14.0	5YR Sovereign CDS	39.60	
CDA 2 year	4.04%	-15.3	10YR Sovereign CDS	40.1	
CANADIAN KEY RATE	LAST	CHANGE 1 MONTH (BPS)	CANADIAN KEY RATE	LAST	CHANGE 1 MONTH (BPS)
US FED Funds	5.25-5.50%	0.0	US 5 year	4.05%	-7.0
US Prime	8.50%	0.0	US 10 year	4.08%	-8.9
US 3 month T-Bill	5.39%	0.3	US 30 year	4.25%	-12.4
US 6 month T-Bill	5.31%	4.3	5YR Sovereign CDS	38.96	
US 1 Year	4.94%	9.4	10YR Sovereign CDS	46.41	
US 2 year	4.48%	2.0			

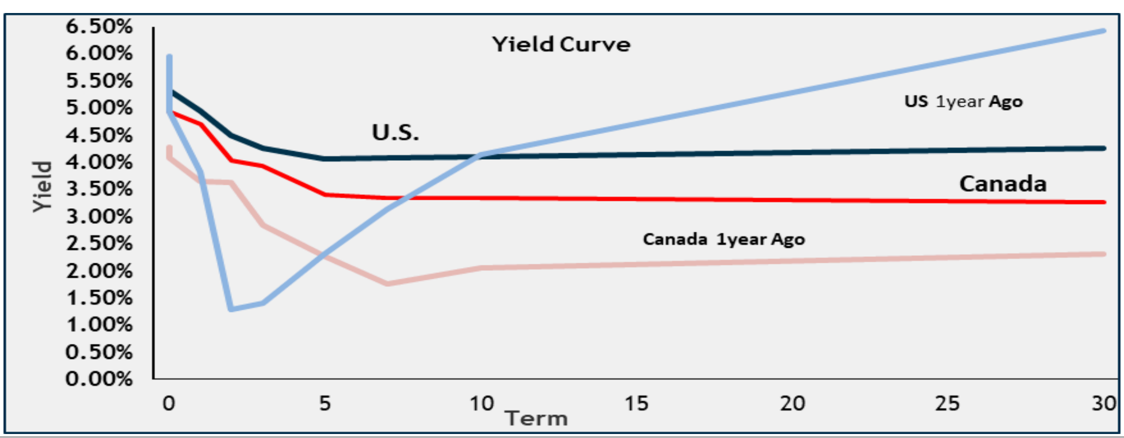
Source: LSEG

Figure 2: FTSE Canada Bond Indices

CANADIAN BOND - TOTAL RETURN	CHANGE WEEK	CHANGE YTD
FTSE Universe Bond Index	0.85%	-0.88%
FTSE Short Term Bond Index	0.38%	-0.22%
FTSE Mid Term Bond Index	0.94%	-0.89%
FTSE Long Term Bond Index	1.46%	-2.50%

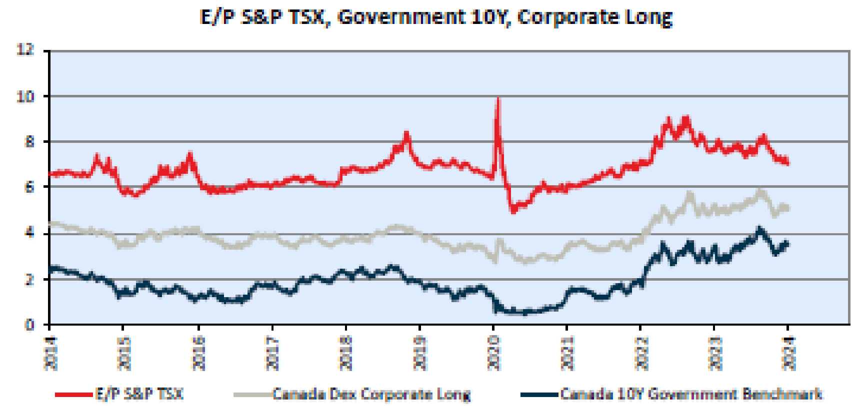
Source: FTSE Russell

Figure 3: Current Yield Curve (Canada & U.S.)



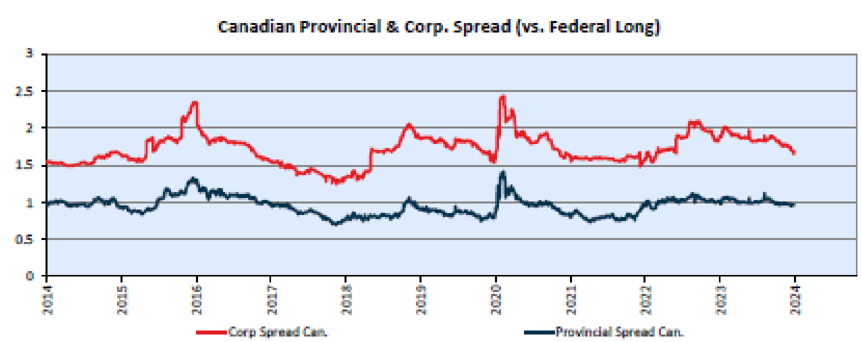
Source: NBF, LSEG

Figure 4: **E/P S&P TSX, Government 10Y, Corporate Long**



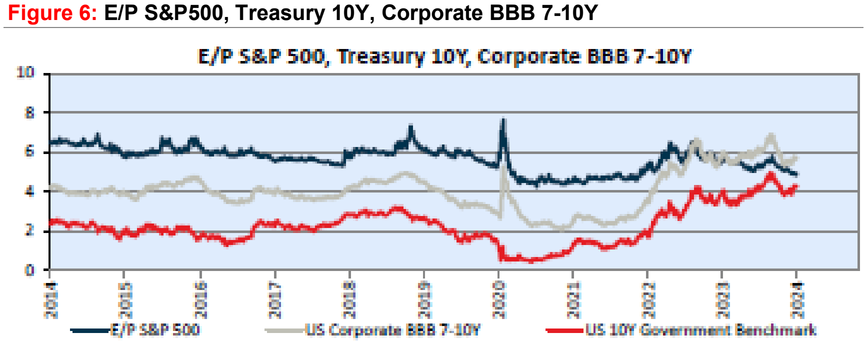
Source: NBF, LSEG

Figure 5: **Canadian Provincial & Corp. Spread (vs. Federal Long)**



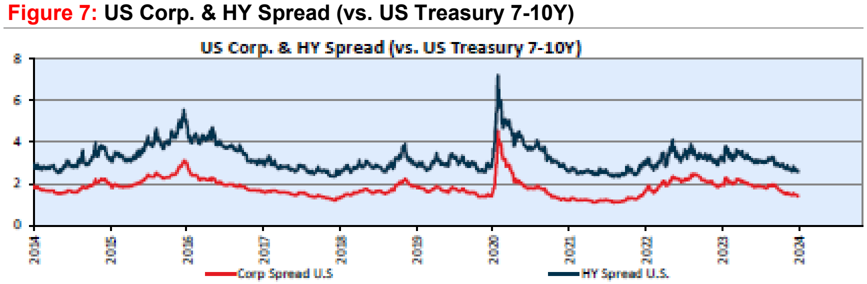
Source: NBF, LSEG

Figure 6: **E/P S&P500, Treasury 10Y, Corporate BBB 7-10Y**



Source: NBF, Bank of America, Merrill Lynch

Figure 7: **US Corp. & HY Spread (vs. US Treasury 7-10Y)**



Source: NBF, Bank of America, Merrill Lynch

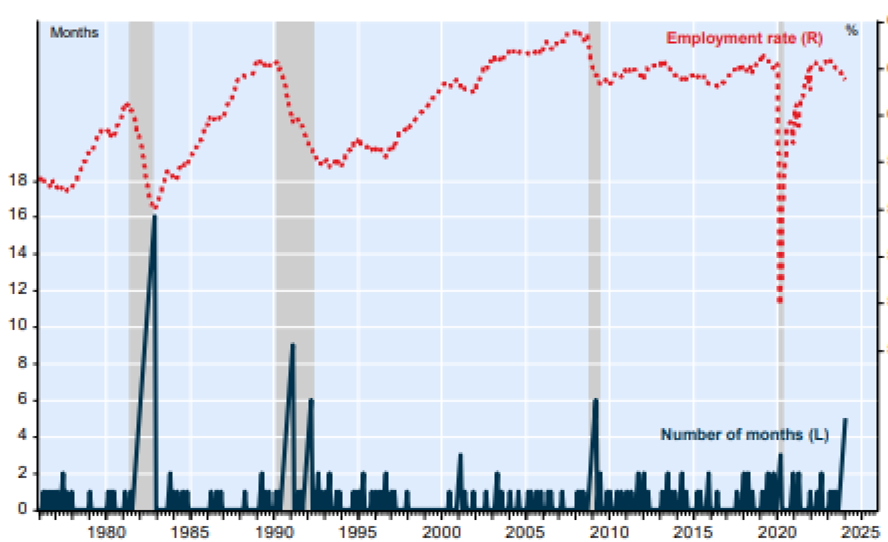
Weekly Economic Watch

Canada

Canadian employment increased 41K in February, above consensus expectations for a 20K increase. Meanwhile, the participation rate remained unchanged at 65.3% while the population grew 83K. As a result, the unemployment rate increased 0.1 percentage points to 5.8%, in line with consensus expectations. The rise in employment is the result of an increase in full-time jobs (+71K) while the number of part-time positions decreased (-30K). Employment rose in the public sector (+19K), while the private sector registered a decline (-16K). Self-employment, meanwhile, was up (+38K). February's variation in employment was positive in the services sector (+47K), while employment in goods (-6K) was down. On the goods side, decreases were observed in manufacturing (-14K), agriculture (-6K), and, to a lesser extent, utilities (-1K). Meanwhile, employment was up in construction (+11K) and forestry (+4K). On the services side, the largest increases were registered in accommodation/food services (+26K), professional/scientific services (+18K), other services (+11K), information/culture (+9K) and transportation/warehousing (+9K). These increases were partially offset by declines in education (-17K), trade (-17K) and business services (-13K). Regionally, there were job gains in Alberta (+17K), Québec (+9K), Ontario (+7K) and British Columbia (+6K). Hours worked were up 0.3% in February following a 0.6% increase in January. Wage inflation was 4.9% on a year-over-year basis in February (down from 5.3% in January). The labour market added a significant number of jobs compared to the historical norm, but this did not prevent the unemployment rate from rising to 5.8%. Although lower than January's record 125K, the increase in population was still a move of 3.6 standard deviations. As a result, the employment rate fell another tenth, the fifth consecutive decline (a total of 5 tenths).

Figure 1: The labour market loses steam

Employment rate and number of consecutive months with a decrease in the employment rate



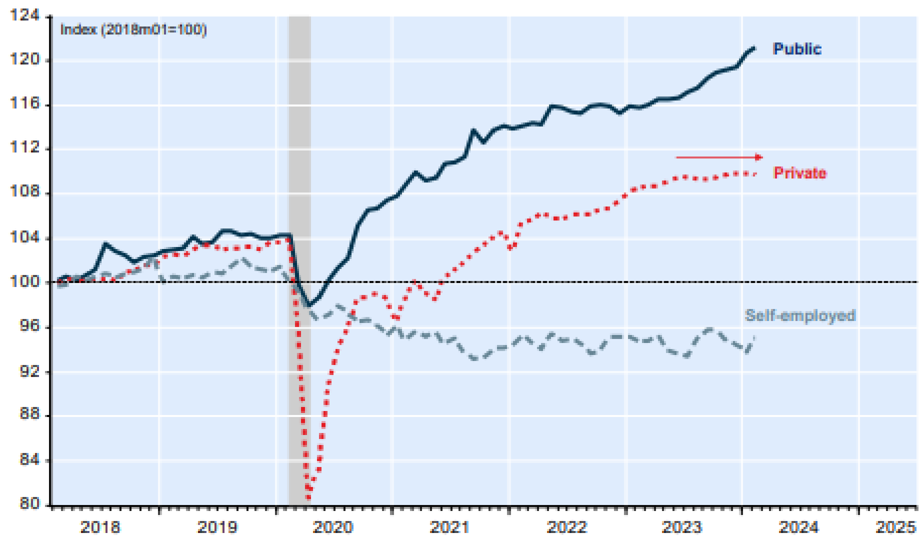
Source: Economics and Strategy (data via Statistics Canada)

Over this 5-month period, we note that it is young people (15-24) who pay the highest price for the moderation in the labour market, with a drop of 1.6 percentage points. Recent immigrants (less than 5 years) also seem to be having more difficulty entering the labour market, with the employment rate falling by 2.2 percentage points over that period (3-month moving average basis). Since the interest rate hikes began impacting this population in 2022, their unemployment rate has risen 2.9 percentage points (vs. 0.4 for population born in Canada). On the one hand, the composition of new jobs is encouraging, with full-time jobs rebounding strongly from last month's decline. However, we are intrigued by the solid rebound in self-employment, since it comes at the same time as the willingness of private companies to hire seems to be rather weak (essentially no jobs added since June 2023).

According to the latest business outlook survey published in January, a majority of firms are reporting lower sales, which may explain this cautious approach. The share of firms reporting labor shortages has fallen sharply since the start of monetary policy tightening and may even lead some firms to reduce their workforces in the coming months. The sharp rise in bankruptcies is evidence of a more difficult environment for companies and does not suggest an improvement in hiring. We continue to expect the jobless rate to close 2024 at around 7%.

Figure 2: Private-sector employment stagnates since mid-2023

Employment in the public and non-public sectors, monthly data

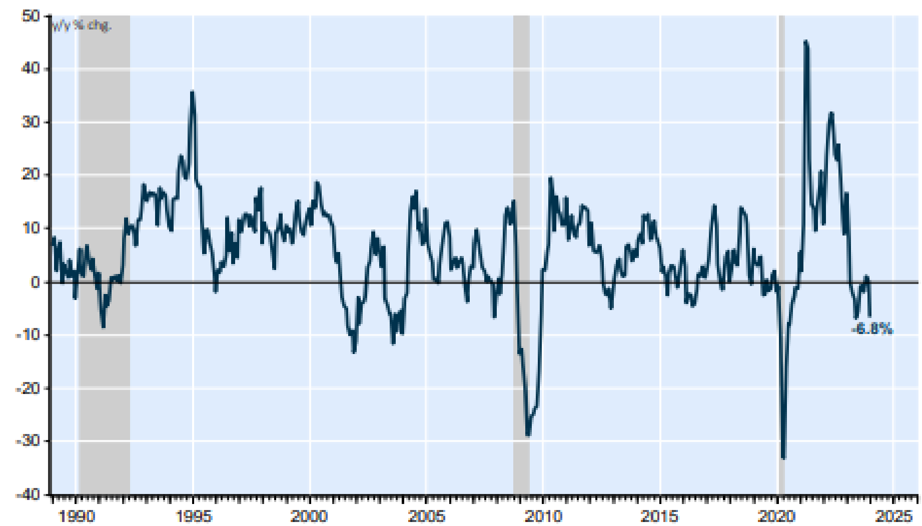


Source: Economics and Strategy (data via Statistics Canada)

The **merchandise trade** balance swung from a deficit of C$0.86 billion (initially estimated at C$0.31 billion) in December to a surplus of C$0.50 billion in January. Economists expected the balance to break even (C$0.00). Nominal exports retraced 1.7%, while nominal imports fell 3.8%. On the exports side, 8 of the 11 industries saw decreases, led by aircraft/transportation equipment (-13.9%), metal/non-metallic mineral products (-6.2%), farm/fishing/ intermediate food products (-3.2%), and industrial machinery/equipment (-3.0%). These declines were only partially offset by gains for consumer goods (+3.6%) and motor vehicles/parts (+2.6%). On the imports side, 7 of the 11 product sections were down, led by metal ores/non-metallic minerals (-9.9%), metal/non-metallic mineral products (-9.2%), consumer goods (-7.1%), and motor vehicles/parts (-5.2%). Canada's energy surplus with the world narrowed from C$11.7 billion to a six-month low of C$11.4 billion, while the non-energy deficit slid from C$12.5 billion to C$10.9 billion. The trade surplus with the United States swelled from C$8.6 billion to C$8.8 billion. In real terms, exports cooled 1.8%, while imports plunged 4.1%. The services trade deficit widened from C$0.7 billion to a 12-month high of C$1.3 billion. Canada's merchandise trade balance with the world climbed back into surplus territory in January as imports dropped the most in six months. Inbound shipments of consumer goods contracted a whopping 7.1%, but this came on the heels of record growth the prior month (+9.8%). As was the case in December, this reflected a rather large swing in the volatile pharmaceutical products subcategory (-19.0%). Lower imports of motor vehicles/parts also contributed to the improvement in the overall trade balance. The 5.2% drop recorded in January marked a fourth consecutive monthly decline in this sector and left auto imports 14.8% below the record level reached in September. Statistics Canada attributed this recent slide to "plant retooling, supply issues, strikes, as well as cooling demand". The trade surplus would have been even in the first month of the year had it not been for exports, which registered their fourth consecutive monthly decline. The drop reflected broad-based decreases in the metal/non-metallic mineral products segment, as well as lower aircraft shipments to the United States. The slump in exchanges observed in January is unfortunately part of a broader trend that has seen imports and exports of goods fall a whopping 6.0% and 7.5%, respectively, over the previous 12 months, resulting in a 6.8% decline in total merchandise trade. Such a drop has rarely been observed outside recessionary periods and bears witness not only to the weakness of the Canadian economy, but also to the slowdown in global demand.

Figure 3: Drop in goods exchanges testify to the weakness of global demand

Total merchandise trade (imports + exports), balance-of-payments basis, current dollar



Source: Economics and Strategy (data via Statistics Canada)

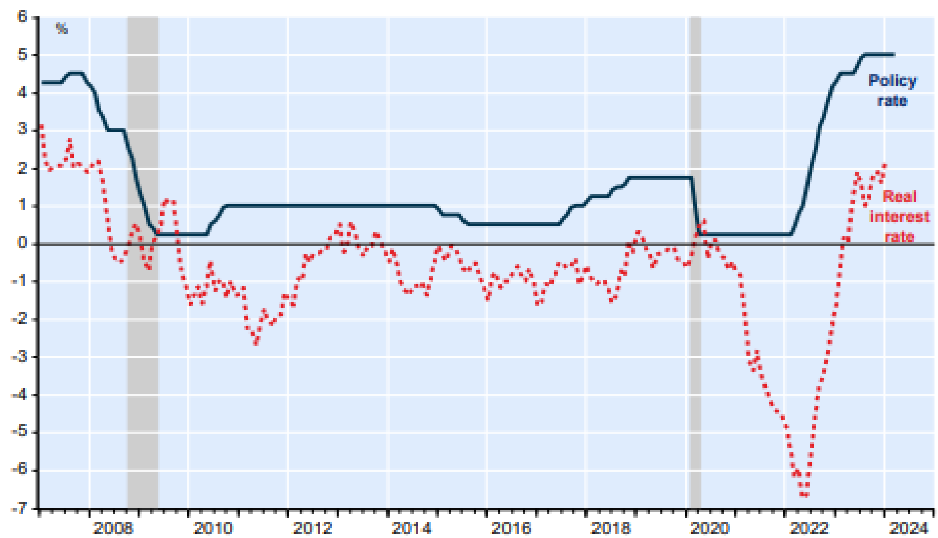
For the fifth straight meeting the **Bank of Canada** left its overnight rate target unchanged at 5.0%, a decision in line with a unanimous consensus. Regarding its balance sheet, "the Bank is continuing its policy of quantitative tightening". Once again, this was the extent of QT discussions, though a Toni Gravelle speech scheduled for March 21 should provide more details on the matter. Here are additional highlights from the rate statement:

- The Governing Council is still concerned about inflation risks, "particularly the persistence in underlying inflation". Again, there was no "threat" to hike further—that line was scratched in the January statement.
- The statement again highlighted the "focus items" most relevant to the rate outlook: balance between demand and supply in the economy, inflation expectations, wage growth, and corporate pricing behaviour. The GC also wants to see "further and sustained easing in core inflation". These items were unchanged from January. In fact, the Bank's emphasis on these indicators extends back even further.
- The statement reiterated January's assertion that the economy is operating in "modest excess supply". Despite stronger-than-expected GDP growth in Q4, the Bank noted that the "pace [of growth] remained weak and below potential".
- On the labour market, the BoC highlighted that employment growth was being outpaced by population growth. In what might be the only modest surprise in the statement, they noted "there are now some signs that wage pressures may be easing".
- As for inflation, there was really no change to their assessment despite a soft January CPI report. Shelter inflation remained elevated and "underlying inflationary pressures persist". The Bank still believed in its inflation forecast, which has prices rising roughly 3% in the first half of the year before "gradually easing".
- In the opening statement to the press conference, BoC Governor Tiff Macklem stressed: "It's still too early to consider lowering the policy interest rate."

The Bank's next decision will take place April 10. The Summary of Deliberations for this week's decision will be released March 20 at 1:30 PM ET.

Figure 4: The central bank remains restrictive

Bank of Canada policy rate and real interest rate (Policy Rate - Annual Inflation)



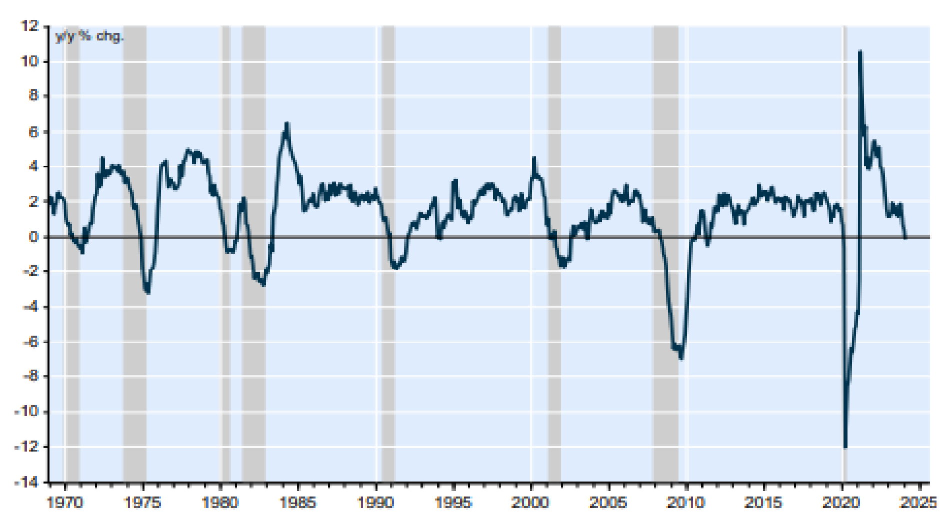
Source: Economics and Strategy (data via Statistics Canada)

United States

In the U.S., **nonfarm payrolls** rose 275K in February, a lot more than the median economist forecast calling for a +275K. However, this upside surprise was more than compensated by a -167K cumulative revision to the prior months' data. Employment in the goods sector rose 19K as a 23K gain in construction was only partially offset by a 4K decline for manufacturing. Mining/logging employment, meanwhile, remained unchanged. Jobs in services-producing industries, for their part, expanded 204K, with notable increases for health/social assistance (+91K), leisure/hospitality (+58K), transportation/warehousing (+20K) and retail trade (+19K). The temporary help services category, on the other hand, saw payrolls decrease 15K, marking a 23rd consecutive decline in that segment. In total, 223K jobs were created in the private sector, compared with 52K in the public sector, the latter split between federal (+9K) and state/local (+43K) administration. Average hourly earnings rose 4.3% y/y in February, down from 4.4% the prior month and in line with consensus expectations. Month on month, earnings progressed 0.1%, the least in two years.

Figure 5: Full-time employment in contraction

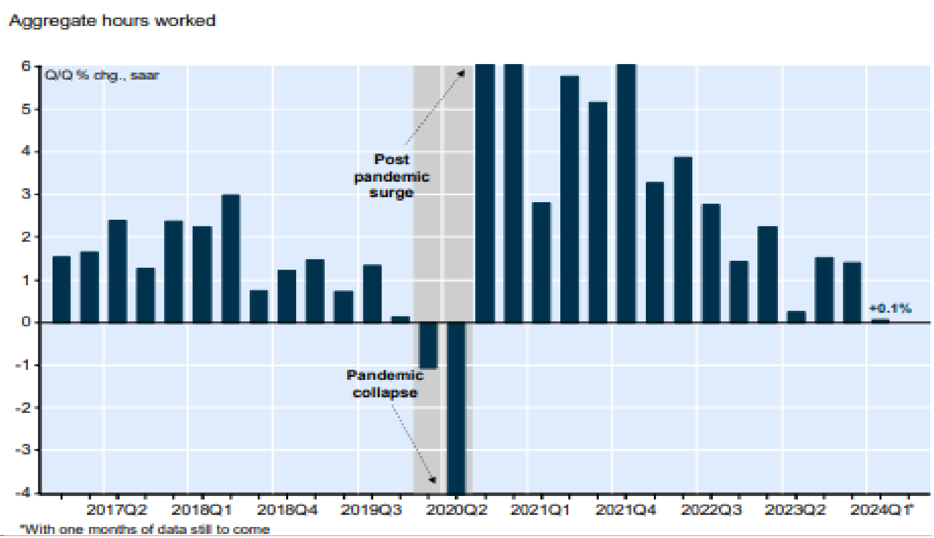
Full-time employment



Source: NBF Economics and Strategy (data via Bloomberg)

Released at the same time, the **household survey (similar in methodology to Canada's LFS)** painted a much less upbeat picture of the situation prevailing in the labour market, with a reported 184K drop in employment. This decline, combined with an unchanged participation rate (62.5%) and a 150K expansion in the labour force translated into a two-tick increase in the unemployment rate to a 25-month high of 3.9%. Full-time employment contracted 187K, while the ranks of part-timers swelled 51K. As has so often been the case in recent months, the two job reports released today sent contradictory messages, with the establishment survey showing strong jobs gains and the household poll reporting a fourth decline in employment in the past five months. While such discrepancies are common given the reports' volatility, month-on-month divergences tend to be smoothed out over the longer term. But this hasn't been the case lately. Instead, both reports have grown further apart over the past six months, with the establishment poll flagging a 1,387K gain in employment and the household survey reporting 532K job losses. The establishment report also signaled a slowdown in growth. Aggregate hours (a good proxy for GDP growth) recovered in February after having been negatively impacted by adverse weather the prior month but were still flagging a meagre 0.1% annualized expansion in the first quarter, down from 1.4% in Q4.

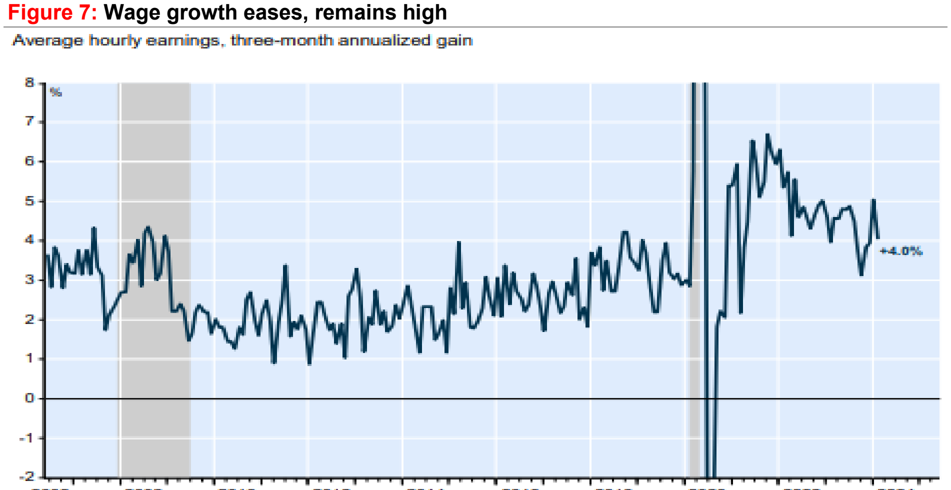
Figure 6: Hours worked hint at weaker economic growth in Q1



Source: Economics and Strategy (data vis Bloomberg)

Fortunately, this data was accompanied by very good news on the wage front. To be sure, average hourly earnings rose just 0.1% in February, which translates into a 4.0% annualized gain over the past three months. While this remains high on a historical basis, it still represented a noticeable improvement from the 5.0% print recorded in January.

Figure 7: Wage growth eases, remains high



Source: NBF Economics & Strategy (data via Bloomberg)

The **trade deficit** widened in January, moving from $64.2 billion to $67.4 billion. This was due mainly to a $3.1-billion increase in goods imports (to $263.4 billion), led by capital goods (+$3.1 billion) and autos/parts (+$2.0 billion). Goods exports, for their part, grew $0.2 billion (to $171.8 billion) on increases for autos/parts (+$1.4 billion), consumer goods (+$0.6 billion), and capital goods (+$0.6 billion). As imports increased at a faster pace than exports did, the goods trade deficit widened from $88.6 billion to $91.6 billion. Country by country, the U.S. goods deficit widened with China (from $22.1 billion to $23.7 billion), Japan (from $5.3 billion to $6.8 billion), and Canada (from $5.6 billion to $7.0 billion) but narrowed with Mexico (from $12.8 billion to $11.6 billion) and the Euro Area (from $15.0 billion to $14.3 billion). The services surplus, meanwhile, edged down from $24.5 billion in December to $24.2 billion in January, as exports grew $0.2 billion (to $85.4 billion) while imports swelled $0.5 billion (to $61.3 billion). Travel exports continued to recover but remained slightly below their pre-pandemic level. On the flip side, travel imports, which serve as a proxy for the number of Americans travelling abroad, increased by $0.5 billion in the month.

According to the latest edition of the **Fed's Beige Book**, 8 of the 12 Federal Districts reported slight- to-modest growth in economic activity in the run-up to the February 26 survey deadline. Three others signaled no change, and one reported a slight softening of activity. (Three Districts reported a decline in activity in the previous iteration of the survey.) Fed contacts signaled sensitivity to prices for consumption spending with a shift away from discretionary goods. Activity in the leisure and hospitality sectors was mixed while air travel remained strong. Supply bottlenecks in manufacturing normalized although delays in deliveries due to disruptions in the Red Sea were extended. Even though prospects of falling interest rates were fueling optimism in the real estate sector, concerns about the office market remained. The outlook for the economy was positive, with respondents expecting financial conditions to improve and demand to pick up.

Most of the Districts reported a slight-to-modest improvement in overall employment levels. There were signs of a cooling labour market, including larger applicant pools and easing wage pressures.

On the inflation front, prices continued to rise but several Districts reported some moderation. Contacts saw freight and insurance costs increase recently. That said, businesses were finding it harder to pass higher costs on to consumers, who remained sensitive to prices.

The Job Openings and Labor Turnover Survey (JOLTS) showed that the number of positions waiting to be filled decreased from 8,889K in December (initially estimated at 9,026K) to 8,863K in January. With the number of people looking for a job remaining steady, the ratio of job offers to unemployed persons stayed at 1.4, its lowest point since September 2021 but still well above this indicator's pre-pandemic level (≈1.20-1.25).

The monthly decrease in job offers was led by retail (-170K), government (-105K), and construction (-21K). Alternatively, job postings increased in leisure and hospitality (+97K), accommodation and food services (+94K), and professional business services (+54K).

The quit rate (number of voluntary separations as a percentage of total employment) edged down one tick to 2.1%, two ticks below its pre-pandemic level (February 2020). Moreover, the quit rate in the private sector held at 2.4%, which is below its pre-pandemic level.

WORLD

As widely expected, the **European Central Bank** kept its policy rates unchanged following Thursday's monetary policy meeting. The ECB's main refinancing rate held steady at an all-time high of 4.50% while the marginal lending facility rate and the deposit facility rate stayed put at 4.75% and 4.00%, respectively. The statement released jointly with the rate announcement mentioned that, since the last meeting, inflation had moderated further. Inflation forecasts for 2024 were revised down on account of lower energy prices. ECB staff now saw inflation in the current year averaging 2.3% and reaching target in 2025 (2%). That said, staff also expected growth to be tepid in 2024 as restrictive financing conditions and monetary policy would continue to curtail demand. Growth was expected to hover around 0.6% for the year, a paltry showing after essentially no growth in 2023. In this context, the central bank indicated that it would "continue to follow a data-dependent approach". At the press conference following the announcement, ECB President Christine Lagarde said that while interest rate cuts were off the table at this meeting, they (Governing Council) had started the discussion towards easing policy away from being restrictive. While she did not explicitly mention June, she did hint that, by that meeting, they would have the data points necessary to decide. Lagarde was comforted by the latest trend in inflation but remained cautious and was unwilling to cry victory yet. As for risks to growth prospects, Lagarde said that, given the restrictive level of monetary policy and high global economic uncertainty, the risks were "tilted to the downside".

Week in numbers

Figure 8: United States

DATE	INDICATORS	PERIOD	CONSENSUS	ACTUAL	PRIOR	REVISED
5-Mar	S&P Global Comp Final PMI	Feb		52.5	51.4	
5-Mar	S&P Global Svcs PMI Final	Feb		52.3	51.3	
5-Mar	Durable Goods, R MM	Jan		-6.2%	-6.1%	
5-Mar	Durables Ex-Transpt R MM	Jan		-0.4%	-0.3%	
5-Mar	Factory Orders MM	Jan	-2.9%	-3.6%	0.2%	-0.3%
5-Mar	Factory Ex-Transp MM	Jan		-0.8%	0.4%	-0.3%
5-Mar	ISM N-Mfg PMI	Feb	53.0	52.6	53.4	
6-Mar	MBA Mortgage Applications	26 Feb, w/e		9.7%	-5.6%	
6-Mar	MBA 30-Yr Mortgage Rate	26 Feb, w/e		7.02%	7.04%	
6-Mar	ADP National Employment	Feb	150k	140k	107k	111k
6-Mar	Wholesale Invt(y), R MM	Jan	-0.1%	-0.3%	-0.1%	
6-Mar	Wholesale Sales MM	Jan	0.5%	-1.7%	0.7%	0.3%
6-Mar	JOLTS Job Openings	Jan	8.900M	8.863M	9.026M	8.889M
7-Mar	Challenger Layoffs	Feb		84.638k	82.307k	
7-Mar	International Trade $	Jan	-63.5B	-67.4B	-62.2B	-64.2B
7-Mar	Initial Jobless Clm	26 Feb, w/e	215k	217k	217k	
7-Mar	Jobless Clm 4Wk Avg	26 Feb, w/e		212.25k	213.00k	
7-Mar	Cont Jobless Clm	19 Feb, w/e	1.889M	1.906M	1.898M	
7-Mar	Consumer Credit	Jan	9.25B	19.49B	1.56B	0.92B
8-Mar	Non-Farm Payrolls	Feb	200k	275k	353k	229k
8-Mar	Private Payrolls	Feb	160k	223k	317k	177k
8-Mar	Manufacturing Payrolls	Feb	10k	-4k	23k	8k
8-Mar	Government Payrolls	Feb		52k	36k	52k
8-Mar	Unemployment Rate	Feb	3.7%	3.9%	3.7%	
8-Mar	Average Earnings MM	Feb	0.3%	0.1%	0.6%	0.5%
8-Mar	Average Earnings YY	Feb	4.4%	4.3%	4.5%	4.4%
8-Mar	Average Workweek Hrs	Feb	34.3	34.3	34.1	34.2
8-Mar	Labor Force Partic	Feb		62.5%	62.5%	
8-Mar	U6 Underemployment	Feb		7.3%	7.2%	

Source: LSEG

Figure 9: Canada

DATE	INDICATORS	PERIOD	CONSENSUS	ACTUAL	PRIOR	REVISED
5-Mar	Reserve Assets Total	Feb		116,251M	116,296M	
6-Mar	Labor Productivity Rate	Q4		0.4%	-0.8%	-0.5%
6-Mar	BoC Rate Decision	6 Mar	5.00%	5.00%	5.00%	
6-Mar	Ivey PMI	Feb		56.3	54.4	
6-Mar	Ivey PMI SA	Feb		53.9	56.5	
7-Mar	Leading Index MM	Feb		0.17%	0.13%	0.13%
7-Mar	Building Permits MM.	Jan	5.5%	13.5%	-14.0%	-11.5%
7-Mar	Trade Balance C$	Jan	0.10B	0.50B	-0.31B	-0.86B
7-Mar	Exports C$	Jan		62.29B	64.07B	63.37B
7-Mar	Imports C$	Jan		61.79B	64.39B	64.24B
8-Mar	Capacity Utilization	Q4		78.7%	79.7%	78.8%
8-Mar	Avg hrly wages Permanent employee	Feb		4.90%	5.30%	
8-Mar	Employment Change	Feb	20.0k	40.7k	37.3k	
8-Mar	Unemployment Rate	Feb	5.8%	5.8%	5.7%	
8-Mar	Full Time Employment Chng SA	Feb		70.6k	-11.6k	
8-Mar	Part Time Employment Chng SA	Feb		-29.9k	48.9k	
8-Mar	Participation Rate	Feb		65.3%	65.3%	

Source: LSEG

Figure 10: International

DATE	COUNTRY/REGION	INDICATORS	PERIOD	CONSENSUS	ACTUAL	PRIOR	REVISED
4-Mar	Japan	JibunBK Comp Op Final SA	Feb		50.6	50.3	
4-Mar	Japan	JibunBK SVC PMI Final SA	Feb		52.9	52.5	
4-Mar	China	Caixin Services PMI	Feb		52.5	52.7	
5-Mar	Euro Zone	HCOB Services Final PMI	Feb	50.0	50.2	50.0	
5-Mar	Euro Zone	HCOB - Composite Final PMI	Feb	48.9	49.2	48.9	
5-Mar	Euro Zone	Producer Prices MM	Jan	-0.1%	-0.9%	-0.8%	-0.9%
5-Mar	Euro Zone	Producer Prices YY	Jan	-8.1%	-8.6%	-10.6%	-10.7%
6-Mar	Euro Zone	Retail Sales MM	Jan	0.1%	0.1%	-1.1%	-0.6%
6-Mar	Euro Zone	Retail Sales YY	Jan	-1.3%	-1.0%	-0.8%	-0.5%
6-Mar	China	Exports YY	Feb	1.9%	7.1%	2.3%	
6-Mar	China	Imports YY	Feb	1.5%	3.5%	0.2%	
6-Mar	China	Trade Balance USD	Feb	103.70B	125.16B	75.34B	
8-Mar	Japan	Leading Indicator	Jan		-0.6	2.1	
8-Mar	Euro Zone	GDP Revised QQ	Q4	0.0%	0.0%	0.0%	
8-Mar	Euro Zone	GDP Revised YY	Q4	0.1%	0.1%	0.1%	
8-Mar	China	PPI YY	Feb	-2.5%		-2.5%	
8-Mar	China	CPI YY	Feb	0.3%		-0.8%	
8-Mar	China	CPI MM	Feb	0.7%		0.3%	

Source: LSEG

What we'll be watching next week

IN THE U.S., the publication of February's CPI report will attract a lot of attention. The energy component is likely to have had a positive impact on the headline index given the rise in gasoline prices during the month. This, combined with a decent gain in shelter costs, should result in a 0.4% increase in headline prices. If we're right, the year-on-year rate could remain unchanged at 3.1%. The advance in core prices could have been slightly more subdued (+0.3% m/m) thanks in part to another weak print in the core goods segment. This monthly gain should allow the annual rate to come down two ticks to 3.7%, its lowest level in nearly three years. February's retail sales data will also be watched closely. Judging from an increase in auto sales, motor vehicles and parts dealers could have contributed positively to the headline figure. Outlays at gasoline stations may also have increased, reflecting higher pump prices. And with the return of milder weather, it would not be surprising to see a number of other sectors rebound from their January declines, underpinning a 1.1% rise in headline sales. Ex-auto outlays could have been a tad weaker, advancing 0.8% month on month. In other news, industrial production could have moved up 0.3% in February, as a rebound in the manufacturing sector may have been only partially offset by a decline in utility output. The first clues on the state of the manufacturing sector in March will be available with the publication of the Empire State Manufacturing Index. The February iteration of the NFIB Small Business Optimism Index will be also published alongside March's Consumer Sentiment Index (University of Michigan). With the FOMC due to meet on March 19-20, Fed officials will refrain from making any public appearances.

Figure 11: U.S. Economic Calendar Next Week

		Previous	NBF forecasts
Tues:	CPI (February, y/y/ chg.)	3.1%	3.1%
	Core CPI (February, y/y/ chg.)	3.9%	3.7%
Thur:	Retail sales (February, m/m chg.)	-0.8%	1.1%
	Ex-autos retail sales (February, m/m chg.)	-0.6%	0.8%
Fri:	Industrial production (February, m/m chg.)	-0.1%	0.2%

Source: NBF Economics and Strategy

IN CANADA, a housing market update will be provided with the release of February's housing starts. If recent data on residential permits is any guide, the latter could have edged up to 225.0K (seasonally adjusted and annualized), as a gain in the multi-family segment was probably partially offset by a decline for single-family units. The week will also feature the release of January's manufacturing sales, which could have expanded 0.4% on gains in the transportation equipment and machinery subsectors. Finally, we'll keep an eye on the release of wholesale trade sales for the month of January.

Figure 12: Canadian Calendar Next Week

		Précédent	Prévisions FBN
JEU:	Livraisons manufacturières (janvier, var. m/m)	-0.7%	0.4%
VEN:	Mises en chantiers (février, nombre d'unités annualisé)	223.6K	225.0K

Source: NBF Economics and Strategy

ELSEWHERE IN THE WORLD, we'll get industrial production data for the month of January in the eurozone. A busy week in China will be highlighted by the publication of new home prices for the month of February.

Canadian and U.S. News

Monday March 4, 2024

Macy's surges after investor group sweetens take-private bid to $6.6 bln

- Macy's shares jumped 14% after investors Arkhouse Management and Brigade Capital sweetened their take-private bid, valuing the U.S. department store operator at $6.58 billion. They raised the offer price to $24 per share from $21 for the stake they do not already own, representing a 38% premium to Macy's closing price on Dec. 8 when deal talks first emerged.

Apple hit with $2 bln EU antitrust fine in Spotify case

- Brussels fined Apple 1.84 billion euros (US$2 billion) for thwarting competition from music streaming rivals via restrictions on its App Store, the iPhone maker's first ever penalty for breaching EU rules.

TC Energy selling Portland Natural Gas Transmission System for US$1.14 billion

- TC Energy Corp. and its partner have signed a deal to sell the Portland Natural Gas Transmission System for US$1.14 billion including the assumption of US$250 million in debt. The buyer is BlackRock, through a fund managed by its diversified infrastructure business, and investment funds managed by Morgan Stanley Infrastructure Partners. TC Energy holds a 61.7 per cent stake in PNGTS, while a subsidiary of Énergir LP owns 38.3 per cent.

Tuesday March 5, 2024

Apple's iPhone sales in China plunge 24% as Huawei's popularity surges

- Apple's iPhone sales in China fell 24% year-on-year in the first six weeks of 2024, according to research firm Counterpoint, as the U.S. company faced increased competition from domestic rivals such as Huawei.

B.C., Ontario mortgage-holders increasingly missed payments in Q4, Equifax says

- Consumers in Ontario and British Columbia increasingly missed payments on mortgages and credit cards in the fourth quarter of 2023, Equifax Canada said. In Ontario, the mortgage delinquency rate was up 135.2 per cent compared with a year earlier, while B.C.'s rate rose by 62.2 per cent.

Wednesday March 6, 2024

Nikki Haley ends White House bid, clearing path for a Trump-Biden rematch

- Nikki Haley ended her long-shot challenge to Republican presidential frontrunner Donald Trump, ensuring the former president will be the party's candidate in a rematch with Democratic President Joe Biden in November's election.

Fed's Powell still expects rate cuts, but inflation progress "not assured"

- Continued progress on lowering inflation "is not assured" though the U.S. Federal Reserve still expects to reduce its benchmark interest rate later this year, Fed Chair Jerome Powell said on Wednesday in comments to U.S. lawmakers who will face price-weary voters in a charged presidential election year.

Enbridge to invest $500 mln in pipeline assets, raises profit growth targets

- Pipeline operator Enbridge raised its short-term profit growth forecast and said it will invest about $500 million in expanding its pipeline and storage assets to improve its U.S. Gulf Coast presence.

Canada's top pension funds pressured by CEOs to invest more at home in open letter

- Almost 100 top Canadian business leaders have signed an open letter to Finance Minister Chrystia Freeland and her provincial counterparts, urging them to change investment rules for pension funds to "encourage them to invest in Canada."

Thursday March 7, 2024

NYCB's new CEO mulls business plan after deposit drop, dividend cut

- New York Community Bancorp's incoming CEO said he was working on a new business plan after the embattled lender got a $1 billion lifeline from investors, cut its dividend for the second time since January and revealed a 7% decline in deposits.

Trudeau's spring budget has Canadian firms worried about new taxes

- Finance Minister Chrystia Freeland's upcoming budget has some in Canada's business community concerned there will be tax increases to offset new government spending. Freeland and Prime Minister Justin Trudeau will almost certainly bring in a package of tools to boost housing supply in the April 16 budget, according to people familiar with the government's plans, and may commit additional spending to industrial subsidies, defense, university research and drug plans.

Friday March 8, 2024

Fed's Williams: Neutral rate is likely still low

- Federal Reserve Bank of New York President John Williams said that he suspects the "neutral" state of interest rates hasn't risen much in the wake of the coronavirus pandemic.

US small businesses struggle for credit, one year after regional turmoil

- Small business owners in the U.S. are struggling to get financing from traditional lenders as the impact of higher rates and bank failures of a year ago linger, holding back business growth for some.

TC Energy's Keystone oil pipeline restarts after going offline

- TC Energy's Keystone oil pipeline resumed service after going offline and temporarily restricting a major conduit of Canadian oil to the United States, which sent oil prices higher. TC said in a statement late afternoon that Keystone was safely operating after briefly suspending service as a precautionary measure.

International News

Monday March 4, 2024

Japan corporate capex jumps, likely swinging revised GDP to expansion

- Capital expenditure rose 16.4% in the fourth quarter from a year earlier, and 10.4% on a seasonally adjusted quarterly basis, driven by industries such as transport equipment, information and communications. The data will be used to calculate revised gross domestic product figures due on March 11.

India Q3 GDP growth boosted by fall in subsidies, say officials

- India's economy grew 8.4% during the October-December quarter, its fastest pace in one-and-half years, and much faster than the 6.6% estimated by economists. However, gross value added (GVA), which is a measure of the total value of goods and services produced in the economy and excludes indirect taxes and subsidies, grew 6.5%, prompting economists to say that GDP data overstated growth trends.

Euro zone investor morale gains in March but no sign of spring revival

- Investor morale in the euro zone improved for the fifth consecutive month in March to its highest level since April 2023, but economists warned of a "persistent" recession in Germany. However, Sentix's index for the euro zone remained in negative territory. It rose to -10.5 points in March from -12.9 in February, beating a reading of -11.0 estimated by analysts.

Tuesday March 5, 2024

Russia says it is considering putting a nuclear power plant on the moon with China

- Russia and China are considering putting a nuclear power plant on the moon from 2033-35, Yuri Borisov, the head of Russia's space agency Roscosmos said, something he said could one day allow lunar settlements to be built.

China vows to 'transform' economy, sets ambitious growth target

- Chinese Premier Li Qiang announced an ambitious 2024 economic growth target of around 5% on Tuesday, promising steps to transform the country's development model and defuse risks fuelled by bankrupt property developers and indebted cities.

India's February services growth remained robust but slowed slightly

- The HSBC India Services Purchasing Managers' Index, compiled by S&P Global, fell to 60.6 last month from January's six-month high of 61.8 and confounding a preliminary reading for a rise to 62.0. However, it has stayed above the 50-mark that separates growth from contraction since August 2021.

Euro zone business activity moves closer to recovery, PMI survey shows

- HCOB's composite Purchasing Managers' Index (PMI) for the bloc, compiled by S&P Global and seen as a good guide of overall economic health, jumped to 49.2 in February from January's 47.9, ahead of a preliminary 48.9 estimate. That was its best reading since June but remained below the 50 mark separating growth from contraction. A services PMI rose to 50.2 from 48.4, beating the 50.0 flash reading.

Wednesday March 6, 2024

Eurozone retail sales inched higher in January

- Sales volumes improved by just 0.1% in the first month of the year, as expected by economists after a 0.6% fall in December, which was adjusted from the initial reading of a 1.1% decline. However, compared with January 2023, sales were down 1.0% with the annual decline accelerating from a revised 0.5% the month before.

German institutes cut 2024 economic growth forecasts

- The Ifo institute reduced its forecast to 0.2%, from its previous projection of 0.7% in January, citing weak consumption and high interest rates. The IfW Kiel Institute lowered its forecast to 0.1% from 0.9% previously.

German exports rise more than expected in January

- Exports rose by 6.3% in January compared with the previous month. The result compared with a forecast of a 1.5% increase. Imports rose by 3.6% from December, versus analysts' expectations for a 1.8% increase.

South Korea inflation quickens in February on supply-side pressures

- The consumer price index (CPI) rose 3.1% in February from the same month the year before, compared with a rise of 2.8% in January and a gain of 2.9% tipped in a Reuters poll of economists. On a monthly basis, consumer prices rose 0.5%, after rising 0.4% in the previous month. It was the fastest jump since September.

Thursday March 7, 2024

ECB keeps rates on hold but acknowledges some inflation cooling

- The European Central Bank left interest rates unchanged as expected but acknowledged that inflation is easing faster than once thought, potentially opening the way for rate cuts later this year.

ECB cuts growth, inflation projections

- The euro zone's central bank now sees inflation at 2.3% this year, below the 2.7% projected three months ago, while the 2025 forecast was trimmed to 2.0% from 2.1%. The economy of the 20-country euro zone is seen expanding by 0.6% this year, after a 0.8% projection in December while in 2025, growth is seen at 1.5%.

German industrial orders fall more than expected in January

- Orders fell by 11.3% on the previous month on a seasonally and calendar adjusted basis. Analysts had pointed to a fall of 6.0%. The statistics office also revised the figure for December to a 12.0% increase, from a preliminary value of 8.9%.

China's exports top forecasts as global demand returns

- Exports from the world's second-biggest economy in the two months were 7.1% higher than a year before, customs data showed, beating a Reuters a poll that expected an increase of 1.9%. Imports were up 3.5%, compared with a poll forecast for growth of 1.5%.

Friday March 8, 2024

ECB policymakers line up behind upcoming rate cut

- Central bank governors from Germany, France, Finland and Lithuania all talked up the chances of the ECB lowering borrowing costs from record highs, firming up a hint dropped by ECB President Christine Lagarde.

German industry grows in Jan but car output remains weak

- Output rose in January by 1.0% from the previous month, beating a 0.6% forecast by analysts, data from Destatis, the federal statistics office showed. But output was far from rebounding and Destatis even revised some earlier figures, indicating that industry continues to struggle. Among its revisions, output is now estimated to have decreased by 2.0% in December from the previous month after preliminary figures showed a 1.6% decline. The three-month rolling average showed a 1.5% decline compared to the previous three months.

Figure 1: **S&P/ TSX Composite Leaders (March 4, 2024- March 8, 2024)**

S&P/TSX COMPOSITE: LEADERS	LAST	CHANGE	%CHG
Torex Gold Resources Inc	$17.73	$2.58	17.03%
Seabridge Gold Inc	$18.35	$2.44	15.34%
IAMGOLD Corp	$4.22	$0.52	14.05%
OceanaGold Corp	$2.75	$0.31	12.70%
Eldorado Gold Corp	$16.47	$1.80	12.27%

Source: LSEG

Figure 2: **S&P/TSX Composite Laggards (March 4, 2024 - March 8, 2024)**

S&P/TSX COMPOSITE: LAGGARDS	LAST	CHANGE	%CHG
Nuvei Corp	$31.43	-$4.47	-12.45%
Paramount Resources Ltd	$26.91	-$3.03	-10.12%
Energy Fuels Inc	$8.20	-$0.67	-7.55%
Ero Copper Corp	$22.34	-$1.73	-7.19%
Bausch Health Companies Inc	$12.46	-$0.94	-7.01%

Source: LSEG

Figure 3: **S&P500 Leaders (March 4, 2024 – March 8, 2024)**

S&P 500: LEADERS	LAST	CHANGE	%CHG
Hewlett Packard Enterprise Co	$17.99	$2.43	15.62%
Kroger Co	$55.97	$6.81	13.85%
Dexcom Inc	$135.25	$13.51	11.10%
FMC Corp	$62.69	$5.38	9.39%
Target Corp	$169.72	$14.43	9.29%

Source: LSEG

Figure 4: **S&P500 Laggards (March 4, 2024 - March 8, 2024)**

S&P 500: LAGGARDS	LAST	CHANGE	%CHG
Albemarle Corp	$118.33	-$24.47	-17.14%
Tesla Inc	$175.34	-$27.30	-13.47%
Brown-Forman Corp	$54.42	-$5.95	-9.86%
Palo Alto Networks Inc	$280.20	-$22.20	-7.34%
Broadcom Inc	$1,308.72	-$90.45	-6.46%

Source: LSEG

NBF Rating & Target Price Changes

Figure 1: NBF Rating & Target Price Changes (March 4, 2024 – March 8, 2024)

COMPANY	SYMBOL	CURRENT RATING	PREVIOUS RATING	CURRENT TARGET	PREVIOUS TARGET
Aecon Group Inc.	ARE	Sector Perform	Sector Perform	**C$15.00**	**C$10.50**
AG Growth International Inc.	AFN	Outperform	Outperform	**C$82.00**	**C$75.00**
Alimentation Couche-Tard Inc.	ATD	Outperform	Outperform	**C$89.00**	**C$87.00**
Andlauer Healthcare Group Inc.	AND	Sector Perform	Sector Perform	**C$47.00**	**C$46.00**
AtkinsRéalis	ATRL	Outperform	Outperform	**C$57.00**	**C$53.00**
Atlantica Sustainable Infrastructure plc	AY	Outperform	Outperform	**US$23.00**	**US$24.00**
AutoCanada Inc.	ACQ	Sector Perform	Sector Perform	**C$22.00**	**C$24.50**
Bird Construction Inc.	BDT	Sector Perform	Sector Perform	**C$18.00**	**C$15.00**
Enbridge Inc.	ENB	Sector Perform	Sector Perform	**C$52.00**	**C$51.00**
Franco-Nevada Corporation	FNV	Sector Perform	Sector Perform	**C$170.00**	**C$172.50**
KP Tissue Inc.	KPT	Sector Perform	Sector Perform	**C$9.00**	**C$9.50**
MEG Energy Corp.	MEG	Sector Perform	Sector Perform	**C$32.00**	**C$30.00**
Minto Apartment REIT	MI.UN	Outperform	Outperform	**C$20.00**	**C$19.25**
Paramount Resources Ltd.	POU	Outperform	Outperform	**C$37.50**	**C$40.00**
Pet Valu Holdings Ltd.	PET	Outperform	Outperform	**C$34.00**	**C$35.00**
Rogers Sugar Inc.	RSI	**Sector Perform**	**Restricted**	**C$6.00**	**Restricted**
Savaria Corporation	SIS	Outperform	Outperform	**C$20.50**	**C$19.50**
Sleep Country Canada Holdings Inc.	ZZZ	Sector Perform	Sector Perform	**C$31.00**	**C$28.00**
Softchoice Corporation	SFTC	Outperform	Outperform	**C$25.00**	**C$23.00**
Thinkific Labs Inc.	THNC	Outperform	Outperform	**C$4.50**	**C$4.00**
Vermilion Energy Inc.	VET	Outperform	Outperform	**C$21.00**	**C$20.00**
Yangarra Resources Ltd	YGR	Sector Perform	Sector Perform	**C$1.50**	**C$2.00**

Source: NBF

Week in Review

March 4, 2024 – March 8, 2024

Changes this Week

Moved: Element Fleet Management Corp. (EFN)

Element Fleet Management Corp.'s GICs sector was reclassified to the Industrials sector from the Financials sector by MSCI and S&P. As such, we moved EFN to the Industrials sector on March 7, 2024, creating a third position in the sector on the NBF Strategic List.

Removed: Innergex Renewable Energy Inc. (INE)

We removed Innergex Renewable Energy Inc. from the NBF Strategic List on March 7, 2024, as the stock's market cap fell below the list's $2 billion market cap threshold.

Added: Canadian Imperial Bank of Commerce (CM)

We added Canadian Imperial Bank of Commerce to the NBF Strategic List on March 7, 2024, based on its higher quantitative score in our screening model.

Thesis: Canadian Imperial Bank of Commerce is the fifth largest bank in Canada in terms of assets. CM operates three strategic business units. Retail & Business Banking provides financial products and services to personal and small business customers. Wholesale banking offers a full range of investment banking products. Lastly, Wealth Management includes brokerage operations in addition to its asset management services. Housing-related risks are especially relevant to CM, with one of the highest exposures to mortgages/RESL (~54% of total loans). Lower rates that could stimulate the housing market could also significantly reduce CM's balance of mortgages with amortization periods over 30 years and mortgages that are negatively amortizing. CM was the only Big-6 bank to generate positive operating leverage in fiscal 2023, in part due to elevated spending the bank recorded during 2022. NBF believes the bank could deliver another such outcome in 2024, notably with mid-single-digit expense growth embedded in its guidance. CM reported some of the best all-bank results in Q1/24, underpinned by performance in its Canadian P&C segment. Having said that, there are signs of credit performance normalization (e.g., higher card delinquency rates) that could slow earnings momentum, though this is importantly offset by expected reductions of impaired loans in its U.S. Office CRE portfolio. CM's credit outlook is improving. Loan losses were 4% below forecast in Q1/24. More importantly, Gross Impaired Loan (GIL) balances were stable, while peers have been reporting high single-digit increases. CM's 13% CET 1 ratio was above expectations in 1Q/24, with further upside potential tied to expected reductions of impaired CRE loans as noted above. Against this backdrop, the bank announced that it plans to eliminate the discount on its DRIP program following the payment of the April dividend.

Added: Northland Power Inc. (NPI)

We added Northland Power Inc. to the NBF Strategic List on March 7, 2024, based on its higher quantitative score in our screening model.

Thesis: Northland Power owns more than 3 GW (net) of operational capacity in natural gas-fired and renewable power generation, in addition to regulated electrical distribution assets. The company has an active growth pipeline, including 16 GW of wind, solar and storage projects in development in North America, Asia and Europe. At its Investor Day on March 5th, NPI gave an update on construction activities at its three major projects and detailed plans to grow, improve efficiency and maintain a strong balance sheet. Power markets are gearing up for growth at CAGRs of 5% long term with electrification and growth in data, and NPI is well positioned as a global renewable asset developer. With major milestones completed toward construction of its fully funded growth projects, NPI forecasts $1.6-1.8 bln in Adj. EBITDA in 2027E (in line with NBF), up from

$1.2 bln in 2023 (7-10% CAGR). NPI's payout should be higher until 2027E, but it has ample liquidity and levers to pull to fund growth beyond this. NPI's Hai Long, Baltic Power and Oneida projects are on time and budget, with an experienced team at the helm, solid contracts for construction and materials and adequate buffers and contingencies in place. NPI finished Q4 with $584 mln of available liquidity, including $61 mln of cash on hand. Following the announced $205 mln sell-down of its 130 MW La Lucha solar facility it should have nearly $800 mln, more than enough to fund existing development activities (currently in New York, Alberta, Ontario, Scotland and South Korea). If needed, NPI has a number of funding levers it can pull, including additional sell-downs, partnerships, refinancing and corporate debt. NPI could sell down its EBSA electric utility in Colombia (viewed as non-core), and some renewable assets in Spain. NPI raised $1 bln in 2023E from partnerships and could look to more partnerships to fund growth like it has in Scotland. NPI could also refinance its Hai Long project once it reaches COD to better match the asset life to debt duration. On corporate debt, NPI has little debt at the corporate level (~$100 mln) and could look to add leverage for the right opportunity.

Comments

Energy (Market Weight)

Cenovus Energy Inc. (CVE)

NBF: hosted its 2024 Investor Day to provide an update on its business and its five-year outlook. The five-year plan remains largely unchanged; however, the company provided detail helping to connect the growth and FCF dots over the next five years. Overall, NBF's five-year forecast remains in line with the company's five-year plan, including ~$32 billion in cumulative FCF. The focus on integration across the entire value chain was enhanced by details around margin expansion through both operational execution and cost improvements. There appeared to be an intentional, subtle reminder of the importance and meaningful contribution out of the oil sands segment, which following a weak quarter of downstream contribution makes sense. Although NBF agrees the absolute value of the oil sands compared to the downstream is disproportionate, NBF believes the corporate valuation of Cenovus will remain at a discount to its peers if throughput and margin volatility persist. NBF's thesis remains value based and although a more detailed plan was reiterated at the Investor Day, NBF's estimates already capture most of the capital-efficient growth and FCF generation. In NBF's view, this leaves upstream and downstream execution a focus if NBF's value bias (via multiple expansion) is to generate incremental upside to the share price. Cenovus trades at 4.9x 2024 EV/DACF and 8.4% FCF as compared to the peers at 5.7x and 9.2%. NBF reiterates its Outperform rating and $29.00 target price.

Topaz Energy Corp. (TPZ)

NBF: TPZ reported fourth quarter operating and financial results slightly ahead of expectations with CFPS of $0.50 (vs. consensus $0.47 and NBF $0.49), which was the product of royalty production of 19.6 mboe/ d (+5% Q/Q; $64.3 mln in revenue, -5% Q/Q) and infrastructure and other revenue of $18.5 mln (+2% Q/Q). Importantly, the insulation of its earnings was significantly noted through a period of material gas price stress (AECO — 10-15% Q/Q), which is a reflection of the diversity and resilience of its business (~80% of revenue liquids oriented or secured infrastructure). At the end of the year, the company had net debt outstanding of $343 mln, or 1.2x annualized Q4 D/EBITDA, against its $0.7 bln credit facility (expandable to $1.0 bln; term through 2026). The company's business plan continues to progress positively, and towards which, NBF notes a few key takeaways: Sustainability: As a function of its liquids, infrastructure and hedge-book, its cash dividend is supported at the midpoint of production down to $0.50/mcf. Notably, its infrastructure assets (22% of revenue that comes at a 95% margin) secures 40% of its dividend alone. With that, and indicative of its confidence in its diversified asset base, it has reiterated its capital budget and production forecasts for 2024 and increased its dividend by 3%; all in the face of a low natural gas prices. NBF maintained its Outperform rating and $27.50 target price. NBF believes it was a solid quarter from the company, reflecting the strength and defensibility of its assets, the confidence of which should continue to resonate through the outlook in support of continued value expansion.

Industrials (Underweight)

Air Canada (AC)

NBF: The trans-Atlantic (Canada to Europe) has historically been an important market for Canada’s air carriers and is one of the largest drivers of profitability in the peak summer period. In the first full post-pandemic summer for air travel, last summer saw exceptionally strong demand and pricing for Canada's airlines on routes to Europe and one of the key questions for 2024 is whether that strength can be sustained. NBF’s analysis of the trans-Atlantic market for summer 2024 shows total planned industry seat capacity between Canada and destinations in Europe up 13.6% y/y and up 11.3% against 2019. Air Canada’s trans-Atlantic summer seat capacity is scheduled to be up 5.3% y/y and 4.1% ahead of 2019. After an exceptionally strong demand and pricing environment for trans-Atlantic travel last summer, early indications point to another strong summer this year from a demand perspective. However, with capacity up considerably, NBF expects to see some pricing pressure this summer. While NBF initial survey of airfares on select trans-Atlantic routes done in January showed that fares across most routes during the peak summer period were generally mixed but overall, not significantly different y/y, its most recent survey from late-February shows a more meaningful decline in prices y/y. NBF rates Air Canada Outperform with a target of $31.00. The trans-Atlantic market accounted for ~36% of Air Canada's total passenger revenue in Q2 and Q3 last year (up from ~30% in the same quarters of 2019) and will likely still be one of the most important contributors to profits this summer. While NBF believes that prices in the summer will come under some pressure due to higher industry capacity and AC will also face very tough y/y comparisons on routes to Europe, if trans-Atlantic market conditions should weaken, the airline has the flexibility to shift capacity to other international markets.

NBF Strategic List

Figure 1: NBF Strategic List

COMPANY	SYMBOL	ADDITION DATE	ADDITION PRICE	LAST PRICE	YIELD (%)	BETA	% WT S&P/TSX	NBF SECTOR WEIGHT
Communication Services							**3.7**	**Overweight**
Rogers Communications Inc.	RCIb.TO	13-Feb-20	$65.84	$59.62	3.4	0.5		
Telus Corp.	T.TO	19-May-22	$30.64	$23.36	6.4	0.5		
Consumer Discretionary							**3.7**	**Underweight**
BRP Inc.	DOO.TO	19-Oct-23	$97.31	$84.80	0.8	1.9		
Dollarama Inc.	DOL.TO	19-Mar-20	$38.96	$102.69	0.3	0.6		
Consumer Staples							**4.3**	**Overweight**
Loblaw Companies Ltd.	L.TO	25-Mar-21	$68.50	$148.66	1.2	0.3		
Saputo Inc.	SAP.TO	23-Nov-23	$26.68	$26.89	2.7	0.7		
Energy							**17.0**	**Market Weight**
Cenovus Energy Inc.	CVE.TO	16-Jan-20	$12.26	$23.84	2.3	2.5		
Gibson Energy Inc.	GEI.TO	17-Aug-23	$59.87	$22.38	7.2	0.9		
Topaz Energy Corp.	TPZ.TO	11-Jan-24	$19.57	$20.98	6.1	1.4		
Whitecap Resources Inc.	WCP.TO	19-May-22	$10.27	$9.58	7.6	1.9		
Financials							**31.0**	**Market Weight**
Bank of Montreal	BMO.TO	11-Jan-24	$126.84	$126.91	4.8	2.2		
Canadian Imperial Bank of Commerce	CM.TO	7-Mar-24	$66.56	$66.92	5.4	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	$585.81	$1,465.72	1.4	0.9		
iA Financial Corporation Inc.	IAG.TO	21-Jul-22	$64.09	$87.49	3.7	1.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	$130.04	$226.44	2.1	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	$60.69	$133.98	4.1	0.9		
Health Care							**0.3**	**Market Weight**
Industrials							**14.5**	**Underweight**
Air Canada	AC.TO	18-May-23	$22.23	$17.69	0.0	0.7		
Element Fleet Management Corp.	EFN.TO	2-Apr-20	$8.58	$22.35	2.2	1.2		
WSP Global Inc.	WSP.TO	19-May-22	$142.73	$225.19	0.7	0.8		
Information Technology							**9.2**	**Market Weight**
Kinaxis Inc.	KXS.TO	19-Mar-20	$100.05	$146.27	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	$41.61	$51.84	2.6	0.9		
Materials							**10.0**	**Market Weight**
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	$75.74	$73.56	2.9	0.6		
Kinross Gold Corp.	K.TO	16-Sep-21	$7.06	$7.25	2.2	0.5		
Teck Resources Ltd.	TECKb.TO	1-Nov-17	$27.15	$55.78	0.9	1.2		
REITs							**2.4**	**Underweight**
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	$49.82	$49.53	2.9	0.7		
Dream Industrial REIT	DIR_u.TO	17-Nov-22	$11.86	$12.91	5.5	1.2		
Utilities							**3.9**	**Overweight**
Capital Power Corp.	CPX.TO	22-Aug-19	$30.90	$39.09	6.3	1.2		
Northland Power Inc.	NPI.TO	7-Mar-24	$23.73	$23.72	5.1	0.8		

Source: NBF, Evercore ISI, LSEG (Priced March 8, 2024, after market close)

The Week Ahead

U.S. Economic Calendar

Figure 1: U.S. Economic Indicators (March 4, 2024 – March 8, 2024)

DATE	TIME	RELEASE	PERIOD	PREVIOUS	CONSENSUS	UNIT
12-Mar	06:00	NFIB Business Optimism Idx	Feb	89.90		Index
12-Mar	08:30	**Core CPI MM, SA**	Feb	0.4%	0.3%	Percent
12-Mar	08:30	Core CPI YY, NSA	Feb	3.9%	3.7%	Percent
12-Mar	08:30	CPI MM, SA	Feb	0.3%	0.4%	Percent
12-Mar	08:30	CPI YY, NSA	Feb	3.1%	3.1%	Percent
12-Mar	14:00	Federal Budget,$	Feb	-22.00B		USD (Bln)
13-Mar	07:00	MBA Mortgage Applications	8 Mar, w/e	9.7%		Percent
13-Mar	10:30	EIA Wkly Crude Stk	8 Mar, w/e	1.367M		Barrel (Mln)
14-Mar	08:30	**Initial Jobless Clm**	4 Mar, w/e	217k	218k	Person (Thou)
14-Mar	08:30	Jobless Clm 4Wk Avg	4 Mar, w/e	212.25k		Person (Thou)
14-Mar	08:30	Cont Jobless Clm	26 Feb, w/e	1.906M		Person (Mln)
14-Mar	08:30	PPI Final Demand YY	Feb	0.9%	1.2%	Percent
14-Mar	08:30	**PPI Final Demand MM**	Feb	0.3%	0.3%	Percent
14-Mar	08:30	PPI exFood/Energy YY	Feb	2.0%	2.0%	Percent
14-Mar	08:30	PPI exFood/Energy MM	Feb	0.5%	0.2%	Percent
14-Mar	08:30	PPI ex Food/Energy/Tr YY	Feb	2.6%		Percent
14-Mar	08:30	PPI ex Food/Energy/Tr MM	Feb	0.6%		Percent
14-Mar	08:30	**Retail Sales MM**	Feb	-0.8%	0.7%	Percent
14-Mar	08:30	Retail Sales Ex-Autos MM	Feb	-0.6%	0.4%	Percent
14-Mar	08:30	Retail Control	Feb	-0.4%	0.4%	Percent
14-Mar	08:30	Retail Sales YoY	Feb	0.65%		Percent
14-Mar	10:00	**Business Inventories MM**	Jan	0.4%	0.2%	Percent
14-Mar	10:30	EIA-Nat Gas Chg Bcf	4 Mar, w/e	-40B		Cubic foot (Bln)
15-Mar	08:30	**NY Fed Manufacturing**	Mar	-2.40	-7.50	Index
15-Mar	08:30	**Import Prices MM**	Feb	0.8%	0.3%	Percent
15-Mar	08:30	Export Prices MM	Feb	0.8%	0.3%	Percent
15-Mar	08:30	Import Prices YY	Feb	-1.3%		Percent
15-Mar	09:15	**Industrial Production MM**	Feb	-0.1%	0.0%	Percent
15-Mar	09:15	Capacity Utilization SA	Feb	78.5%	78.4%	Percent
15-Mar	09:15	Manuf Output MM	Feb	-0.5%	0.3%	Percent
15-Mar	09:15	Industrial Production YoY	Feb	0.03%		Percent
15-Mar	10:00	**U Mich Sentiment Prelim**	Mar	76.9	76.6	Index

Source: LSEG

Canadian Economic Calendar

Figure 2: Canadian Economic Indicators (March 4, 2024 – March 8, 2024)

DATE	TIME	RELEASE	PERIOD	PREVIOUS	CONSENSUS	UNIT
14-Mar	08:30	**Manufacturing Sales MM**	Jan	-0.7%	0.4%	Percent
15-Mar	08:15	**House Starts, Annualized**	Feb	223.6k	225.0k	Number of (Thou)
15-Mar	08:30	**Wholesale Trade MM**	Jan	0.3%	-0.6%	Percent

Source: LSEG

Figure 1: S&P/TSX Composite Index Earnings Calendar (March 11, 2024- March 15, 2024)

Monday March 11, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Ballard Power Systems Inc	BLDP	BMO	-0.13
Silvercrest Metals Inc	SIL	BMO	0.24

Tuesday March 12, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Labrador Iron Ore Royalty Corp	LIF	AMC	N/A
Transcontinental Inc	TCLa	AMC	0.33
Wesdome Gold Mines Ltd	WDO	AMC	0.20

Wednesday March 13, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Jamieson Wellness Inc	JWEL	AMC	0.73
Mattr Corp	MATR	AMC	0.66

Thursday March 14, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Empire Company Ltd	EMPa	05:30	0.64
Wheaton Precious Metals Corp	WPM	AMC	0.49

Friday March 15, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Premium Brands Holdings Corp	PBH	BMO	1.22

Source: LSEG, NBF

*Companies of the S&P/TSX Composite Index scheduled to report quarterly results. Stocks on the NBF Strategic List are in **Bold**.

Figure 1: **S&P500 Index Earnings Calendar (March 11, 2024 - March 15, 2024)**

Monday March 11, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Oracle Corp	ORCL	AMC	1.38

Tuesday March 12, 2024

None

Wednesday March 13, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Dollar Tree Inc	DLTR	BMO	2.02
Lennar Corp	LEN	AMC	2.20

Thursday March 14, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Adobe Inc	ADBE	AMC	4.38
Dollar General Corp	DG	BMO	2.97
Ulta Beauty Inc	ULTA	AMC	5.68

Friday March 15, 2024

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Jabil Inc	JBL	BMO	1.66

Source: LSEG, NBF

*Companies of the S&P500 Index scheduled to report quarterly results.

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