



Friday, January 22, 2021

## MACRO VIEW

The TSX (-0.6%) and Wall Street's main indices are trading lower as investors grow increasingly concerned about COVID-19 after U.S. President Biden warned that the pandemic will "get worse before it gets better". **West Texas Intermediate crude oil (-0.9%)** fell on near term demand worries amid increasingly strict global lockdown measures, retreating from the 11-month high reached in the previous week. A fresh wave of COVID-19 infections across China, the world's biggest importer of oil, draws extra consumption woes, as markets await U.S. oil inventory data due later today. The U.S. dollar held steady, while **Gold (-1.0%)** prices fell. North American bond yields were lower, with the U.S. 10-year at 1.10% and the Canadian 10-year at 0.86%. The Canadian dollar weakened against the greenback.

Canada's retail sales rose for the seventh consecutive month in November, growing by 1.3% month-over-month, ahead of analysts' forecasts of 0.1%. Notable increases were seen in food & beverages (+5.9%) and e-commerce (+2.7%).

## CANADIAN MARKETS

Cloud-based learning management system provider **Docebo (DCBO, +3.4%)** announced the pricing of its previously announced secondary offering of common shares. Its shareholders InterCap Equity, Claudio Erba and Allesio Artuffo sold 2.01 million shares at US\$49.67 per share, reflecting a discount of 10.6% to the close price on Wednesday.

**Endeavour Mining (EDV, -1.9%)** announced that it is selling its 85% interest in Agbaou mine in Côte d'Ivoire to privately-owned African operator Allied Gold for consideration of up to US\$80 million plus a Net Smelter Return (NSR) royalty that will be based on a sliding scale linked to the average spot gold price. It will receive a cash payment of US\$20 million in Q1/21, and US\$40 million in Allied Gold shares with the option of selling the shares back to Allied Gold at the issue price before December 31, 2022, along with a contingent payment of up to US\$20 million.

**Brookfield Infrastructure Partners (BIP.UN, -0.4%)** has issued 8 million Series 14 Class A preferred units to raise gross proceeds of US\$200 million that would be used to finance recently completed and future eligible green projects. The preferred units will pay a cumulative fixed annual distribution rate of 5%, and would be listed on the NYSE under the symbol "BIP.PR.B".

**Sierra Wireless (SW, +12.8%)**, which provides wireless broadband access solutions, announced that its President & CEO, Kent Thexton, is planning to retire by June 30. The company has hired an executive search firm to find his replacement. The company also noted that it expects its Q4/20 revenue to exceed consensus expectations of US\$116.5 million and its Q1/21 revenues to top consensus expectations of US\$110 million. It expects to report a cash position of US\$170 million and no debt as of December 31, 2020.

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	17,810.12	-0.59%	2.2%	2.2%
S&P 500	3,842.15	-0.28%	2.3%	2.1%
NASDAQ	13,502.47	-0.21%	4.8%	4.5%
Dow Jones	30,941.85	-0.75%	1.1%	0.9%
Nikkei 225	28,631.45	-0.44%	4.3%	3.5%
Euro Stoxx 50	3,603.24	-0.42%	1.4%	0.8%
FTSE EM	2,868.92	-0.85%	7.5%	7.1%

## Canadian Market Movers

DOL	Dollarama Inc	1.4%
BHC	Bausch Health Co	1.3%
RCI/B	Rogers Communi-B	0.9%
CCL/B	Ccl Inds B	0.6%
WCN	Waste Connection	0.5%
TRP	Tc Energy Corp	-1.6%
SU	Suncor Energy	-1.8%
TECK/B	Teck Resources	-1.8%
ABX	Barrick Gold Crp	-1.8%
CVE	Cenovus Energy	-1.9%

\*As of January 22 2021 10:32 AM. Source: Bloomberg

## U.S. Market Movers

MSFT	Microsoft Corp	2.1%
PYPL	Paypal Holdings	2.1%
CRM	Salesforce.Com	2.0%
DHR	Danaher Corp	1.8%
FB	Facebook Inc	1.7%
COF	Capital One Fina	-1.8%
UNP	Union Pac Corp	-1.8%
MS	Morgan Stanley	-2.0%
INTC	Intel Corp	-7.3%
IBM	Ibm	-10.5%

\*As of January 22 2021 10:32 AM. Source: Bloomberg

## Benchmark Bonds & Rates

	Chg <sup>1</sup>	Yld <sup>1</sup>	Mar-21 <sup>2</sup>	Jun-21 <sup>2</sup>
CA 2YR	0.00%	0.17%	0.35%	0.40%
CA 10YR	-0.01%	0.86%	0.80%	0.85%
US 2YR	0.00%	0.12%	0.30%	0.30%
US 10YR	-0.01%	1.10%	1.00%	1.10%
	Rate <sup>1</sup>	Mar-21 <sup>2</sup>	Jun-21 <sup>2</sup>	
CA Prime	2.45%	-	-	
CA Overnight Tgt	0.25%	0.25%	0.25%	
Fed Funds Tgt	0.25%	0.13%	0.13%	

1 - As of January 22 2021 10:32 AM.; 2 - CIBC

forecasts. Source: Bloomberg

## U.S. MARKETS

IBM's (IBM, **-10.5%**) Q4 revenue of US\$20.4 billion came in slightly below estimates of US\$20.7 billion as sales declined across all of its segments. Nevertheless, the company believes it will deliver revenue growth in 2021, and its adjusted EPS of US\$2.07 beat expectations by US\$0.28. Adjusted free cash flow is expected to be between US\$11 billion and US\$12 billion in the new fiscal year and IBM will continue to concentrate on its hybrid cloud and AI offerings.

Chipmaker Intel (INTC, **-7.3%**) posted Q4 revenue of US\$20.0 billion, stronger than street forecasts of US\$17.5 billion while adjusted EPS also topped estimates. Incoming CEO Pat Gelsinger wants the majority of Intel's products to be manufactured internally by 2023 despite the calls from some investors. Management will provide a detailed fiscal year outlook in April but for now, it foresees Q1 revenue of US\$18.6 billion. Separately, Intel raised its quarterly dividend to US\$0.3475 per share.

Seagate Technology (STX, **-7.2%**) brought in US\$2.62 billion in revenue in Q2, edging expectations of US\$2.56 billion. Adjusted EPS of US\$1.29 surpassed estimates of US\$1.13 and the company's adjusted gross margin was also better than expected. Seagate saw "broad-based improvement" across its markets and "solid customer demand" for its products. For Q3, Seagate is calling for roughly US\$2.65 billion in revenue and around US\$1.30 in adjusted EPS.

CSX (CSX, **-3.3%**) reported Q4 revenue that exceeded street estimates. Adjusted EPS slightly missed forecasts. CSX's operating ratio in Q4 was 57.0%, better than the 60% a year ago. Volumes grew by 4%. Intermodal volume was up by 11%. For F2021, CSX is expecting to spend US\$1.7 billion to US\$1.8 billion on capital expenditures.

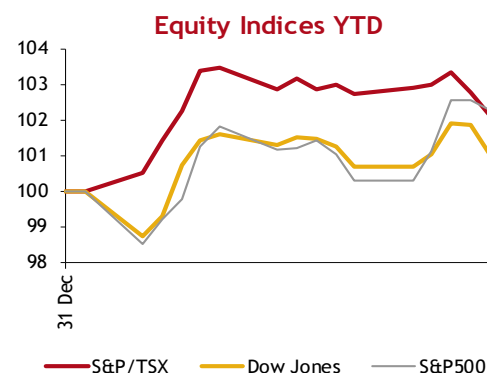
Schlumberger (SLB, **-0.7%**) saw Q4 revenue of US\$5.5 billion and adjusted EPS of US\$0.22, topping forecasts of US\$5.3 billion and US\$0.18 respectively. Schlumberger's performance was helped by cost cuts and a rebound in demand for its services and equipment. The company anticipates oil demand to recover to 2019 levels by no later than 2023. Schlumberger will spend between US\$1.5 billion and US\$1.7 billion in F2021 on capital investments.

Alphabet (GOOGL, **+0.7%**) is threatening to block its Google search engine in Australia if the government moves ahead with a new rule requiring them to pay media companies for the right to use their content. Google argues that Australian users would see a worse search experience if these rules were enforced.

## Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.788	0.006	0.2%
US\$/€	0.821	0.002	0.3%
Gold	\$1,852.42	-\$17.56	-2.4%
Copper per 100 lb	\$362.35	-\$2.40	3.0%
Oil (WTI)	\$52.66	-\$0.46	8.5%
Oil (WCS)	\$37.51	-\$1.50	13.1%
Natural Gas (NYMEX)	\$2.45	-\$0.04	-3.3%
Natural Gas (AECO)	\$2.11	\$0.04	8.2%

\*As of January 22 2021 10:32 AM. Source: Bloomberg



## Earnings Releases

Name	Date	Est.	Act.
Schlumberger Ltd (SLB)	01/22	\$0.18	\$0.22 *
Kansas City Sout (KSU)	01/22	\$1.93	\$1.89 *
Regions Financia (RF)	01/22	\$0.42	\$0.61 *
Huntington Banc (HBAN)	01/22	\$0.29	\$0.27 *
Kimberly-Clark (KMB)	01/25	\$1.60	-- *
Microsoft Corp (MSFT)	01/26	\$1.64	-- *
Johnson&Johnson (JNJ)	01/26	\$1.83	-- *
Verizon Communic (VZ)	01/26	\$1.17	-- *
Nextera Energy (NEE)	01/26	\$0.40	-- *
Texas Instrument (TXN)	01/26	\$1.33	-- *
Starbucks Corp (SBUX)	01/26	\$0.56	-- *
Adv Micro Device (AMD)	01/26	\$0.47	-- *
Raytheon Technol (RTX)	01/26	\$0.69	-- *

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
1/22	Retail Sales MoM (Nov)	0.40%	0.00%	1.30%
1/22	Retail Sales Ex Auto MoM (Nov)	0.00%	0.30%	2.10%
1/25	Bloomberg Nanos Confidence	56.7	--	--
1/28	CFIB Business Barometer (Jan)	58.2	--	--
1/28	Building Permits MoM (Dec)	12.90%	--	--
1/29	GDP MoM (Nov)	0.40%	--	--
1/29	GDP YoY (Nov)	-3.50%	--	--
1/29	Industrial Product Price MoM (Dec)	-0.60%	--	--
1/29	Raw Materials Price Index MoM (Dec)	0.60%	--	--
2/1	Bloomberg Nanos Confidence	--	--	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
1/22	Markit US Manufacturing PMI (Jan P)	57.1	56.5	59.1
1/22	Markit US Composite PMI (Jan P)	55.3	--	58
1/22	Markit US Services PMI (Jan P)	54.8	53.4	57.5
1/22	Existing Home Sales (Dec)	6.69m	6.56m	6.76m
1/22	Existing Home Sales MoM (Dec)	-2.50%	-1.90%	0.70%
1/25	Chicago Fed Nat Activity Index (Dec)	0.27	--	--
1/25	Dallas Fed Manf. Activity (Jan)	9.7	--	--
1/26	FHFA House Price Index MoM (Nov)	1.50%	0.60%	--
1/26	S&P CoreLogic CS 20-City YoY NSA (Nov)	7.95%	8.10%	--
1/26	S&P CoreLogic CS 20-City MoM SA (Nov)	1.61%	0.70%	--

Source: Bloomberg

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01/21/2021

Brookfield Infrastructure Partners L.P. (2g, 7) (BIP-NYSE, US\$53.46)

Docebo, Inc. (2a, 2c, 2e, 2g) (DCBO-TSX, C\$62.87)

Endeavour Mining Corporation (2a, 2e, 2g) (EDV-TSX, C\$27.21)

Sierra Wireless Inc. (2g) (SWIR-NASDAQ, US\$18.40)

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