

MORNING NEWS CALL

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Canada Edition

Thursday, March 3, 2022



TOP NEWS

• Russian war on Ukraine enters second week as apparent failure

Russia's invasion of Ukraine entered its second week an apparent tactical failure so far, with its main assault force stalled for days on a highway north of Kyiv and other advances halted at the outskirts of cities it is bombing into wastelands.

• Canadian Natural Resources profit surges on higher crude prices

Canadian Natural Resources posted a surge in fourth-quarter profit and increased its dividend as a rebound in fuel demand from pandemic lows propelled crude prices to multi-year highs.

• TD Bank posts higher quarterly profit

Toronto-Dominion Bank reported higher quarterly profit, driven by revenues from its Canadian and U.S. retail banking units that offset rising expenses at home and in its wholesale banking business.

• SocGen, Citi seek to cut Russia exposure, Embraer halts parts supply

French bank Societe Generale said it was working to cut its risks in Russia, fearing Moscow's tit-for-tat response to Western sanctions, while Brazilian planemaker Embraer joined Airbus and Boeing in halting parts supplies to Russian airlines.

• UK asks Meta, Tik Tok to prevent access to RT

British culture minister said she had written to social media company Tik Tok and Facebook's parent company Meta Platforms to ask if they could prevent access to Russian state-owned television network RT in Britain.

BEFORE THE BELL

Futures for Canada's main stock index edged lower as surging **oil** prices on Ukraine tensions raised global economic growth and inflation concerns. **U.S. stock index futures** fell marginally, a day after Fed Chair Jerome Powell signaled the likelihood of a rate increase this month even as Russia-Ukraine crisis deepens. **European shares** slipped as concerns over the impact of mounting sanctions against Russia weighed on sentiment. **China stocks** ended lower on slowing services activity growth, while Japan's **Nikkei** closed higher, tracking an overnight Wall Street rally. **Gold** continued to gain, thanks to safe-haven demand and **Palladium** climbed on supply concerns. In currency markets, the **euro** slid on worries about the euro area economic outlook, while the **U.S. dollar** appeared well-supported after Powell's comment.

STOCKS TO WATCH

Results

• **Canadian Natural Resources Ltd:** The company posted a surge in fourth-quarter profit and increased its dividend as a rebound in fuel demand from pandemic lows propelled crude prices to multi-year highs. Canadian Natural Resources, one of the largest oil and gas producers in the country, said its average realized price for oil soared 79.5% to C\$72.81 in the last three months of 2021. Brent crude averaged \$80 a barrel during the period. The company's production rose to 1.31 million barrels of oil equivalent per day (boepd) in the quarter, from 1.20 million boepd a year earlier. Adjusted profit was C\$2.63 billion, or C\$2.21 per share, in the three months to Dec. 31, compared with C\$176 million, or 15 Canadian cents, a year ago. The producer raised its quarterly dividend by 28% to C\$0.75 per share.

• **Toronto-Dominion Bank:** The lender reported higher quarterly profit, driven by revenues from its Canadian and U.S. retail banking units that offset rising expenses at home and in its wholesale banking business. Net income excluding one-off items rose to C\$3.8 billion, or C\$2.08 per share, in the three months ended Jan. 31, from C\$3.4 billion, or C\$1.83 per share, a year earlier. Analysts had expected C\$2.04 a share. The second-largest Canadian lender reported overall net income of C\$3.7 billion, or C\$2.02 a share, in the first quarter, from C\$3.3 billion, or C\$1.77, a year ago.

In Other News

• **Kinross Gold Corp:** The miner said on Wednesday it is suspending its Russian operations, following Russia's invasion of Ukraine. The company said in a statement it is suspending all activities at its Udinsk development project. Kinross is also in the process of suspending operations at its Kupol mine, with the focus being on safety and well-being of its more than 2,000 employees.

EXPLAINER

Why \$100 oil could hurt the energy transition more than it helps

The surge in crude oil prices past \$100 a barrel has raised a big question: Will this latest spike in the notoriously volatile oil market help to speed the global transition from fossil fuels to cleaner energy sources to fight climate change?

ANALYSTS' RECOMMENDATION

• **Aecon Group Inc:** Canaccord Genuity cuts target price to C\$20 from C\$25, after the company reported fourth-quarter earnings that were behind estimates, mainly driven by the construction segment, which was impacted by lower volumes and gross profit margin in civil operations and urban transportation.

• **Athabasca Oil Corp:** RBC raises target price to C\$2.50 from C\$1.75, citing strong results in the fourth quarter, with a focus on debt repayment and disciplined capital spending by management that should continue to resonate with investors.

• **ECN Capital Corp:** CIBC raises target price to C\$7.5 from C\$7, after the company reported fourth-quarter results that were broadly in line with expectations, while management also indicated that all three of its businesses are tracking at the high end of estimates.

• **Kinaxis Inc:** Canaccord Genuity cuts target price to C\$200 from C\$225, noting that the company's profit margins will slow the company's mid-term targets due to acceleration in spending across its R&D, support and data center units.

• **Laurentian Bank of Canada:** CIBC raises target price to C\$48 from C\$46, after the bank reported solid fourth-quarter earnings, supported by commercial loan growth, expense efficiencies and credit performance.

ECONOMIC EVENTS (All timings in U.S. Eastern Time)

0815 (approx.) **Reserve assets total USD** for Feb : Prior \$104,402 mln

COMPANIES REPORTING RESULTS**March 3:**

Algonquin Power & Utilities Corp: Expected Q4 earnings of 22 cents per share
Black Diamond Group Ltd: Expected Q4 earnings of 6 Canadian cents per share
Canadian Natural Resources Ltd: Expected Q4 earnings of C\$2.14 per share
Crescent Point Energy Corp: Expected Q4 earnings of 23 Canadian cents per share
Curaleaf Holdings Inc: Expected Q4 loss of 3 cents per share
Doman Building Materials Group Ltd: Expected Q4 earnings of 15 Canadian cents per share
Enghouse Systems Ltd: Expected Q1 earnings of 39 Canadian cents per share
Hammond Power Solutions Inc: Expected Q4 earnings of 34 Canadian cents per share
Major Drilling Group International Inc: Expected Q3 earnings of 1 Canadian cent per share
Martinrea International Inc: Expected Q4 loss of 1 Canadian cent per share
MEG Energy Corp: Expected Q4 earnings of 33 Canadian cents per share
Oncolytics Biotech Inc: Expected Q4 loss of 13 Canadian cents per share
Park Lawn Corp: Expected Q4 earnings of 38 Canadian cents per share
Profound Medical Corp: Expected Q4 loss of 33 cents per share
Recipe Unlimited Corp: Expected Q4 earnings of 42 Canadian cents per share
Sleep Country Canada Holdings Inc: Expected Q4 earnings of 68 Canadian cents per share
Snc-Lavalin Group Inc: Expected Q4 earnings of 35 Canadian cents per share
Toronto-Dominion Bank: Expected Q1 earnings of C\$2.04 per share

March 4:

AltaGas Ltd: Expected Q4 earnings of 38 Canadian cents per share
Ensign Energy Services Inc: Expected Q4 loss of 17 Canadian cents per share
RF Capital Group Inc: Expected Q4 loss of 2 Canadian cents per share

CORPORATE EVENTS (All timings in U.S. Eastern Time)

0800 **Turquoise Hill Resources Ltd:** Q4 earnings conference call
0830 **Tecsyst Inc:** Q3 earnings conference call
0830 **Snc-Lavalin Group Inc:** Q4 earnings conference call
0830 **Andlauer Healthcare Group Inc:** Q4 earnings conference call
0900 **Freehold Royalties Ltd:** Q4 earnings conference call
0900 **Orvana Minerals Corp:** Annual Shareholders Meeting
1000 **Tricon Residential Inc:** Q4 earnings conference call
1000 **Frontera Energy Corp:** Q4 earnings conference call
1100 **AutoCanada Inc:** Q4 earnings conference call
1100 **Secure Energy Services Inc:** Q4 earnings conference call
1100 **Canadian Natural Resources Ltd:** Q4 earnings conference call
1100 **Tourmaline Oil Corp:** Q4 earnings conference call
1200 **Great Panther Mining Ltd:** Q4 earnings conference call
1200 **Crescent Point Energy Corp:** Q4 earnings conference call
1330 **Toronto-Dominion Bank:** Q1 earnings conference call
1630 **Enghouse Systems Ltd:** Annual Shareholders Meeting
1630 **Profound Medical Corp:** Q4 earnings conference call
1700 **Oncolytics Biotech Inc:** Q4 earnings conference call
1700 **Curaleaf Holdings Inc:** Q4 earnings conference call
1730 **Martinrea International Inc:** Q4 earnings conference call

EX-DIVIDENDS

Amerigo Resources Ltd: Amount C\$0.03
Enerplus Corp: Amount \$0.03
Goodfellow Inc: Amount C\$0.40
iA Financial Corporation Inc: Amount C\$0.62
Jamieson Wellness Inc: Amount C\$0.15
North American Construction Group Ltd: Amount C\$0.08
Open Text Corp: Amount \$0.22
Stelco Holdings Inc: Amount C\$0.30
Suncor Energy Inc: Amount C\$0.42
Triple Flag Precious Metals Corp: Amount \$0.04

(All analysts' estimates are according to I/B/E/S Refinitiv data.)

PICTURE OF THE DAY



The Hoosli Ukrainian Choir sings the national anthems before the first period of the Winnipeg Jets versus Montreal Canadiens game at Canada Life Centre, Winnipeg, Canada, March 1. USA TODAY Sports/Terrence Lee

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(Compiled by Sourav Bose and Haneyl Jacob in Bengaluru)

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