

MORNING NEWS CALL

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Canada Edition

Tuesday, March 16, 2021

TOP NEWS

• **Rogers' 'sweeteners' for \$16 billion Shaw takeover may test Canadian regulatory, political patience**

Rogers Communications' efforts to secure its C\$20 billion acquisition of Shaw Communications could be insufficient to overcome regulatory hurdles and political opposition amid concerns Canadians face some of the world's highest phone bills.

• **Fed officials may talk technical rate move but delay acting for now**

A spate of volatility in money markets has stoked speculation the Federal Reserve may be forced into a technical adjustment to the levers controlling its benchmark interest rate to ensure that it does not fall too low, but few expect the central bank to act on the matter at this week's meeting.

• **Canada's Peloton Capital takes over proxy advisor Glass Lewis**

Canadian buyout firm Peloton Capital Management and Stephen Smith, the CEO of First National Financial, said they acquired proxy advisor Glass Lewis from the Ontario Teachers' Pension Plan Board and Alberta Investment Management Corp.

• **News Corp inks Australia Facebook deal, signalling truce after blackout**

Rupert Murdoch's News Corp reached a content-supply deal with Facebook in Australia, the companies said, a step toward settling a dispute that saw the social media giant briefly shut down thousands of pages in the country.

• **Purdue Pharma to use public trusts, Sackler cash to settle opioid litigation**

Purdue Pharma filed a bankruptcy plan on Monday that would resolve thousands of opioid lawsuits by restructuring the OxyContin maker into an entity that would steer profits to plaintiffs and require the company's Sackler family owners to contribute nearly \$4.3 billion to the settlement.

BEFORE THE BELL

Futures for Canada's main stock index inched lower as **crude oil** prices fell on rising stockpiles in the United States and the halting of COVID-19 vaccinations in some countries. **Wall Street futures** and **global equity markets** rose, as investors anticipated the U.S. Federal Reserve and other central banks meeting this week will keep policies accommodative to help drive a post-pandemic global economic recovery. **Gold** prices held steady while **U.S. Treasury yields** slipped and the **dollar index** edged up, as investors were cautious ahead of the policy meeting which is likely to tackle concerns over rising inflation.

STOCKS TO WATCH

• **Rogers Communications Inc & Shaw Communications Inc:** The company's efforts to secure its C\$20 billion acquisition of Shaw Communications could be insufficient to overcome regulatory hurdles and political opposition amid concerns Canadians face some of the world's highest phone bills. Rogers agreed on Monday to buy Shaw in a deal that would create Canada's second-largest cellular and cable operator, but the Canadian government was quick to say it would attract stiff regulatory scrutiny. The shareholder said Rogers would likely be willing to offload some assets in the east of the country, since the deal's value is in wireline infrastructure in western Canada. The deal could attract extra attention in a year when Canada looks likely to have a federal election. Canada's telecoms industry came under fire ahead of the last federal election, with voters complaining about cellphone bills, which are among the highest in the world.

FOCUS

Cannabis entrepreneurs, celebrity investors light up as legalization blooms

Driven by a surge in cannabis use during the COVID-19 pandemic, industry entrepreneurs and investors are

gearing up for even greater growth as legalization spreads and the economy reopens.

ANALYSTS' RECOMMENDATION

- **Hardwoods Distribution Inc:** CIBC raises target price to C\$38 from C\$32, highlighting the company's re-established import supply lines and the growing door category that are supporting higher margins and raised forecasts for 2022.
- **Loop Energy Inc:** CIBC initiates coverage with an outperformer rating and target price of C\$20, stating that the company is expected to gain share in fuel sells given the company's favorable attributes like superior fuel economy, power density and durability, compared to competing systems.
- **Shaw Communications Inc:** Scotiabank raises target price to C\$40.50 from C\$28.50, reflecting on the all-cash offer from Roger Communications for non-Shaw family holders while reaffirming the company's commitment to getting the deal approved by regulators.
- **Stella-Jones Inc:** RBC raises target price to C\$56 from C\$53, following solid fourth-quarter earnings that beat expectations, driven by strong trends in the poles and residential lumber segments.

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

0830 (approx.) **Securities Cdns** for Jan: Prior C\$26.94 bln
 0830 (approx.) **Securities Foreign** for Jan: Prior C\$5.08 bln

COMPANIES REPORTING RESULTS

March 16:

Ag Growth International Inc: Expected Q4 earnings of 1 Canadian cent per share
Cardinal Energy Ltd (Alberta): Expected Q4 loss of 6 Canadian cents per share
Ero Copper Corp: Expected Q4 earnings of 41 cents per share
Information Services Corp: Expected Q4 earnings of 28 Canadian cents per share

March 17:

Alimentation Couche-Tard Inc: Expected Q3 earnings of 56 cents per share
Imv Inc: Expected Q4 loss of 15 Canadian cents per share
Largo Resources Ltd: Expected Q4 earnings of 13 Canadian cents per share
Power Corporation of Canada: Expected Q4 earnings of 82 Canadian cents per share
Topaz Energy Corp: Expected Q4 earnings of 2 Canadian cents per share

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

0830 **Village Farms International Inc:** Q4 earnings conference call
 1030 **Westport Fuel Systems Inc:** Q4 earnings conference call

EX-DIVIDENDS

Alamos Gold Inc: Amount \$0.02
CCL Industries Inc: Amount C\$0.21
Hydro One Ltd: Amount C\$0.25
Methanex Corp: Amount \$0.03

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

PICTURE OF THE DAY



Police officers cross Westminster Bridge during a protest, following the kidnap and murder of Sarah Everard, in London, March 15. REUTERS/Henry Nicholls

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