

MORNING NEWS CALL

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Canada Edition

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TOP NEWS

• Exxon profit rises on higher oil and gas prices

Exxon Mobil doubled its first-quarter per-share profit, boosted by surging oil and gas prices even as it took a \$3.4 billion writedown from its planned exit from its Russian operations

• Chevron profit nearly quadruples as oil prices surge

Chevron's first-quarter profit nearly quadrupled from the same period a year ago, easily surpassing Wall Street's forecasts as oil and gas prices surged following Russia's invasion of Ukraine.

• Auto parts maker Magna lowers profit outlook on China lockdowns, inflation

Magna International lowered its annual profit forecast as strict COVID-19 lockdowns in China, rising inflation and raw material costs are set to pressure vehicle sales.

• Apple sees bigger supply problems after strong start to year

Apple on Thursday forecast bigger problems as COVID-19 lockdowns snarl production and demand in China, the war in Ukraine dents sales and growth slows in services, which the iPhone maker sees as its engine for expansion.

• Amazon results and outlook fall short as warehouse, fuel costs soar

Amazon.com delivered a disappointing quarter and outlook on Thursday as the e-commerce giant was swamped by higher costs to run its warehouses and deliver packages to customers.

BEFORE THE BELL

Futures for Canada's main stock index slipped marginally, tracking downbeat mood on **Wall Street** following latest tech earnings, while investors awaited domestic growth data due later in the day. **U.S. stock index futures** fell, after Amazon delivered a disappointing quarter and Apple posted a glum forecast, further pressuring growth stocks. **European shares** were up, supported by strong corporate earnings. **Chinese shares** ended higher, after authorities vowed to step up policy support to stabilize the economy and financial markets. **Gold** prices jumped, boosted by a pullback in the **U.S. dollar**. Lockdown concerns in China pushed **oil** prices higher.

STOCKS TO WATCH

Results

• **Magna International Inc:** The auto parts maker lowered its annual profit forecast as strict COVID-19 lockdowns in China, rising inflation and raw material costs are set to pressure vehicle sales. Magna also cut its light vehicle production forecast for the year in North America and Europe as semiconductor worries continue to persist. Magna

said it expects 2022 net income attributable between \$1.3 billion and \$1.5 billion, down from its previous forecast of \$1.7 billion to \$1.9 billion. Adjusted profit per share for the quarter through March was \$1.28, compared with average analysts' expectation of \$1.10 per share. The Aurora, Canada-based manufacturer reported net sales of \$9.64 billion for the first quarter, beating analysts' expectations of \$9.08 billion.

In Other News

• **Canadian National Railway Co & Canadian Pacific Railway Ltd:** Rail backlogs in the United States are delaying shipment of grains as well as processed flour and corn syrup, contributing to the national problem of inflation, food and grain companies said at a hearing this week. "This is the price of bread going up. This is ethanol not getting mixed with gasoline, and the price at the pump going up," said Martin J. Oberman, chairman of the Surface Transportation Board (STB), which oversees Class I rail carriers and held the hearing. Included in the hearing were Berkshire Hathaway's BNSF Railway, Union Pacific, Norfolk Southern, CSX, Canadian National Railway and Canadian Pacific Railway. Jon Setterdahl, the product and services Leader at Landus Cooperative, said in a letter to the STB that rail transit times from the farmer-owned cooperative have more than doubled. Rail carriers said the delays are due to recent extreme weather and a surge in shipping demand at the end of 2021. But shippers blame cost-saving measures at the railways before the pandemic, including labor force cuts, storing locomotives to save fuel and stretching train length to as long as 3 miles, which they say have increased congestion, downtime and delays.

INSIGHT

North American oil companies scramble to find workers despite boom

Governments are pushing oil and gas producers to increase output with prices hovering around \$100 a barrel amid a worldwide supply shortage. The shortage of workers is limiting how much producers in the United States and Canada can increase oil output this year as governments try to find ways to offset the effect of lost Russian barrels following Moscow's invasion of Ukraine.

ANALYSTS' RECOMMENDATION

- **Alamos Gold Inc:** National Bank of Canada raises to outperform from sector perform, to reflect the management's change in project strategy by focusing on the Island Phase III expansion before committing major development capital for Lynn Lake.
- **Baytex Energy Corp:** National Bank of Canada raises target price to C\$9.50 from C\$8.75, after the company's first quarter operating and financial results were in line with expectations.
- **Canadian Utilities Ltd:** RBC raises target price to C\$41 from C\$38, following the company's better-than-expected Q1 results.
- **North American Construction Group Ltd:** CIBC cuts target price to C\$22 from C\$23, after the company's first-quarter results highlighted the negative impact to margins due to inflationary pressures and technician shortages.
- **Toromont Industries Ltd:** RBC raises target price to C\$129 from C\$126, citing strong demand environment and execution of another good quarter amid supply challenges.

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

0830 (approx.) **GDP mm** for Feb: Expected 0.8%; Prior 0.2%
 1100 (approx.) **Budget balance** for Feb: Prior -C\$5.18 bln
 1100 (approx.) **Budget year-to-date** for Feb: Prior -C\$75.29 bln

COMPANIES REPORTING RESULTS

April 29:

Imperial Oil Ltd: Expected Q1 earnings of C\$1.87 per share
Magna International Inc: Expected Q1 earnings of \$1.12 per share
TC Energy Corp: Expected Q1 earnings of C\$1.11 per share

May 2:

Capital Power Corp: Expected Q1 earnings of 73 Canadian cents per share
Cargojet Inc: Expected Q1 earnings of C\$1.46 per share
Gibson Energy Inc: Expected Q1 earnings of 33 Canadian cents per share

MEG Energy Corp: Expected Q1 earnings of 92 Canadian cents per share

New Gold Inc: Expected Q1 earnings of 2 cents per share

Nutrien Ltd: Expected Q1 earnings of \$2.75 per share

TMX Group Ltd: Expected Q1 earnings of C\$1.73 per share

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

0800 **Magna International Inc:** Q1 earnings conference call

0830 **Agnico Eagle Mines Ltd:** Q1 earnings conference call

0830 **Fairfax Financial Holdings Ltd:** Q1 earnings conference call

0830 **TFI International Inc:** Q1 earnings conference call

1100 **Agnico Eagle Mines Ltd:** Annual Shareholders Meeting

1100 **Baytex Energy Corp:** Q1 earnings conference call

1100 **Imperial Oil Ltd:** Q1 earnings conference call

1100 **Pason Systems Inc:** Q1 earnings conference call

1130 **Eldorado Gold Corp:** Q1 earnings conference call

1130 **West Fraser Timber Co Ltd:** Q1 earnings conference call

1200 **TC Energy Corp:** Annual Shareholders Meeting

1300 **Secure Energy Services Inc:** Annual Shareholders Meeting

1500 **AltaGas Ltd:** Annual Shareholders Meeting

1500 **Capital Power Corp:** Annual Shareholders Meeting

1500 **TC Energy Corp:** Q1 earnings conference call

EX-DIVIDENDS

Bank of Montreal: Amount C\$1.33

Emera Inc: Amount C\$0.66

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

PICTURE OF THE DAY



Members of the Blues and Royals Household Cavalry ride along The Mall toward Buckingham Palace, in London, Britain, April 28. REUTERS/Peter Nicholls

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