


MORNING NEWS CALL

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Canada Edition

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Earnings Roundup

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TOP NEWS

- **Apple shares jump as record buyback, sales growth forecast lure investors**

Apple shares jumped before the bell as the iPhone maker's record stock buyback plan and promise of sales growth drew back investors who have shunned the stock on concerns over weak demand and increased competition in China.

- **Toronto home sales fall for third month in April; prices rise**

Greater Toronto area home sales fell in April for a third straight month and prices crept up, as over two-decade high interest rates kept the lid on housing market recovery in Canada's main metropolitan region, data showed on Thursday.

- **Pipeline operator TC Energy beats profit estimates on strong LNG demand**

Pipeline operator TC Energy beat first-quarter profit estimates, helped by robust demand for liquefied natural gas.

- **Magna misses profit estimates, cuts annual sales forecast on supply chain issues**

Canada's Magna International missed analysts' estimates for first-quarter profit and cut its full-year overall sales forecast, as the auto parts supplier navigates headwinds from supply chain snags.

- **PREVIEW-At Berkshire Hathaway meeting, Warren Buffett to field questions on growth, dividend and succession**

Warren Buffett will command center stage at Berkshire Hathaway's annual meeting on Saturday, but someone who won't be there -- his influential sidekick Charlie Munger -- will loom large.

BEFORE THE BELL

Futures for Canada's main stock index rose as **oil** prices edged up on possible extension of OPEC+ production cuts. **U.S. stock futures** were boosted by upbeat earnings from Apple and Amgen. Ahead of key U.S. labor data, the **U.S. dollar** edged to a three-week low and **gold** prices held steady, but were set for a second straight weekly decline. Meanwhile, the **yen** was set to clock its biggest weekly gain in 16 months following two rounds of suspected intervention this week. Across the Atlantic, **Britain's blue-chip stocks** hit a record high on a potential Glencore offer for Anglo-American, while bank earnings boosted **European shares**.

STOCKS TO WATCH

Results

• **Magna International Inc:** The company missed analysts' estimates for first-quarter profit and cut its full-year overall sales forecast, as the auto parts supplier navigates headwinds from supply chain snags. The company also recorded asset impairments and restructuring costs of \$316 million related to troubled electric-vehicle startup Fisker. Magna signed agreements with Fisker in 2020 to engineer and manufacture its Ocean SUV. Magna said it expects full-year 2024 sales of \$42.6 billion to \$44.2 billion, compared with its prior forecast range of \$43.8 billion to \$45.4 billion. On an adjusted basis, it earned \$1.08 per share in the first quarter, compared with analysts' average estimate of \$1.24 per share.

• **TC Energy Corp:** The pipeline operator beat first-quarter profit estimates, helped by robust demand for liquefied natural gas. Demand in the U.S., the largest importer of Canada's oil and gas, rose in the first quarter according to the U.S. Energy Information Administration, benefiting Canadian energy firms. Total earnings from TC Energy's pipeline segments came in at C\$2.27 billion, compared with C\$2.17 billion last year. TC Energy posted an adjusted profit of C\$1.24 per share for the quarter ended March 31, compared with analysts' average estimate of C\$1.14 per share.

In Other News

• **Brookfield Asset Management Ltd:** Collapsed U.S. lender SVB Financial Group said on Thursday that an entity affiliated with Pinegrove Capital Partners will acquire its venture capital business, SVB Capital. A newly-created entity, backed by permanent capital from Brookfield and Sequoia Heritage, will buy SVB Capital for a combination of cash and other economic considerations, SVB Financial said. It did not disclose a financial value. As part of the agreement, Pinegrove and SVB Capital will operate independently, each led by their existing management teams, with common long-term financial backing of Brookfield and Sequoia Heritage.

• **Toronto-Dominion Bank:** A U.S. Department of Justice (DoJ) investigation into TD Bank is focused on how Chinese drug traffickers and crime groups used the Canada's second-largest lender to launder their money from fentanyl sales, the Wall Street Journal reported on Thursday. The bank disclosed last year that it was cooperating with authorities in an investigation into its anti-money laundering compliance program by the DoJ. "Criminals constantly seek to use banks to launder money. Regrettably, our U.S. AML program did not effectively thwart these activities," a TD Bank spokesperson said in an emailed statement to Reuters. Earlier on Thursday, Canada's anti-money laundering agency imposed its biggest-ever penalty of nearly C\$9.2 million on TD Bank over non-compliance of anti-money laundering regulations.

ANALYSIS

Heavy oil shortage spells higher cost for shippers, road builders

Mexican export cuts and a rerouting of Canadian output are shrinking already limited supplies of heavy crude in the Atlantic basin, driving up refiners' costs with a likely knock-on effect to industries ranging from shipping and construction to Middle Eastern power plants.

ANALYSTS' RECOMMENDATION

- **Aritzia Inc:** CIBC raises target price to C\$41 from C\$37, as it expects profits to recover considerably in 2025.
- **Autocanada Inc:** CIBC cuts rating to underperformer from neutral, pointing to near to medium term market headwinds.
- **Badger Infrastructure Solutions Ltd:** CIBC raises rating to outperformer from neutral, referring to a strong sales strategy in its U.S. division.
- **IGM Financial Inc:** CIBC raises target price to C\$45 from C\$42, anticipating a strong quarter on multiple fronts.
- **Toromont Industries Ltd:** CIBC cuts target price to C\$128 from C\$130, as it believes competitive pressures on pricing to impact margins.

COMPANIES REPORTING RESULTS**May 3:****Brookfield Business Partners LP:** Expected Q1 loss of C\$1.58 per share**TransAlta Corp:** Expected Q1 earnings of 16 Canadian cents per share**May 6:****Finning International Inc:** Expected Q1 earnings of 86 Canadian cents per share**MEG Energy Corp:** Expected Q1 earnings of 49 Canadian cents per share**CORPORATE EVENTS (All timings in U.S. Eastern Time)**0800 **IGM Financial Inc:** Q1 Earnings Conference Call0800 **Magna International Inc:** Q1 Earnings Conference Call0800 **TMX Group Ltd:** Q1 Earnings Conference Call0830 **Fairfax Financial Holdings Ltd:** Q1 Earnings Conference Call0830 **TC Energy Corp:** Q1 Earnings Conference Call0900 **Trisura Group Ltd:** Q1 Earnings Conference Call1000 **Brookfield Business Partners LP:** Q1 Earnings Conference Call1100 **TransAlta Corp:** Q1 Earnings Conference Call1103 **Sandstorm Gold Ltd:** Q1 Earnings Conference Call1200 **IGM Financial Inc:** Annual Shareholders Meeting1400 **Capstone Copper Corp:** Annual Shareholders Meeting1400 **TMX Group Ltd:** Annual Shareholders Meeting*(All analysts' estimates are according to LSEG IBES data)*

PICTURE OF THE DAY



An equestrian police officer sits mounted on a horse outside a protest encampment in support of Palestinians, during the ongoing conflict between Israel and the Palestinian Islamist group Hamas, at McGill University's campus in Montreal, Quebec, May 2. REUTERS/Peter McCabe

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