

MORNING NEWS CALL

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Canada Edition

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Earnings Roundup

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TOP NEWS

- **Canada's Ivey PMI shows activity accelerating in April**

Canadian economic activity expanded at a faster pace in April as measures of employment and inflation pressures climbed, Ivey Purchasing Managers Index data showed on Tuesday.

- **Shopify forecasts downbeat quarterly revenue growth, shares sink**

Canadian e-commerce platform Shopify forecast its slowest quarterly revenue growth in two years against the backdrop of an uncertain economy and tepid consumer spending, sending its U.S. shares slumping 19% in premarket trading.

- **TC Energy's oil pipeline spin-off faces obstacles in bet on US Gulf**

TC Energy's planned oil pipeline spin-off is a bet that it can supply more Canadian crude to U.S. Gulf of Mexico refiners, but the venture faces stiff competition and will carry high debt when it starts up.

- **Amazon breaks into Europe 5G networks with Telefonica cloud deal**

Telefonica Germany will move one million 5G customers to Amazon Web Services (AWS) cloud later this month, company executives told Reuters, in a bold move by the U.S. online retailer to break into the global telecoms market.

- **Apple's iPhone shipments in China rebound with 12% surge in March after price cuts**

Apple iPhone shipments in China increased by 12% in March after the company and its retailers reduced prices, according to data from a research firm affiliated the Chinese government.

BEFORE THE BELL

Canada's main stock index futures were subdued as oil prices fell on rising U.S. inventories, while gold was flat on a strong U.S. dollar. Wall Street futures were muted as investors turned their focus to the pace and timing of interest rate cuts. Meanwhile, Europe's STOXX 600 touched a record high on Sweden's rate cut and resilient corporate earnings. In Asia, the property sector decline pushed Chinese shares lower, while the Nikkei closed lower on profit-taking and weaker corporate earnings. The yen pulled back from earlier losses that had prompted BOJ's Ueda to signal possibility of an early rate hike.

STOCKS TO WATCH

Results

- **Shopify Inc:** The Canadian e-commerce platform forecast its slowest quarterly revenue growth in two years against the backdrop of an uncertain economy and tepid consumer spending, sending its U.S. shares slumping 19% in premarket trading. The company said it expects second-quarter revenue to grow at a high-teens percentage rate year on year. That compares with the average growth of about 26% over the last few quarters. Analysts estimated current-quarter revenue to grow 19.35%. While e-commerce growth has been normalizing, consumers have been looking to cut down on costs, putting Shopify at a disadvantage despite price hikes and new AI-based tools.
- **Suncor Energy Inc:** Canada's second-largest oil producer beat first-quarter profit estimates on Tuesday, boosted by strong demand for refined products and record oil sands production. The company said total upstream production was 835,300 barrels per day (bpd), a record for the first quarter and up 12.6% from a year earlier, while oil sands output hit an all-time high of 785,000 bpd. The production records suggest Suncor is making progress in improving safety and performance in its oil sands business after a string of fatalities and operational setbacks hurt the company's share price and unnerved investors in recent years. The company said it achieved its highest-ever first-quarter refining throughput at 455,300 bpd, up 23.8% from a year ago. Refinery utilization was at 98% in same period, compared with 79% from a year earlier. Suncor reported adjusted operating earnings of C\$1.41 per share for the quarter ended March 31, compared with analysts' average estimate of C\$1.29.

In Other News

- **Brookfield Asset Management Ltd & Brookfield Corp:** Commodity trader Trafigura has expanded its agreement with Brookfield Asset Management and its listed affiliate Brookfield Business Partners to include Greenergy's Canadian supply operations for an undisclosed sum, it said. The company in March agreed to acquire Greenergy's European business. Greenergy is a UK-based supplier of road fuels and a biodiesel producer with manufacturing plants in the UK and the Netherlands. It entered the Canadian market in 2013 and provides a variety of road fuels including higher percentage biodiesel blends from its rail-fed terminals in Ontario and British Columbia.
- **PetroTal Corp:** Spain's second-largest oil company Cepsa said it reached an agreement with Canada's PetroTal Corp to sell its upstream assets in Peru for an undisclosed amount. The sale is in line with the company's strategic shift toward low carbon businesses and follows recent divestments of upstream assets in Colombia and Abu Dhabi. "This transaction supports our transformation as a company and our strategy to make Cepsa a benchmark in the energy transition by the end of this decade, when we expect more than half of our business to come from sustainable energies such as green hydrogen and biofuels," Chief Executive Maarten Wetselaar said. The deal is subject to regulatory approvals.
- **TC Energy Corp:** The company's planned oil pipeline spin-off is a bet that it can supply more Canadian crude to U.S. Gulf of Mexico refiners, but the venture faces stiff competition and will carry high debt when it starts up. The South Bow spin-off, which TC investors will vote on June 4, will help Calgary, Alberta-based TC lower its own high debt load and focus on moving natural gas. South Bow's capital priorities will be repaying debt, organic growth and shareholder returns, its incoming president, Bevin Wirzba, said on a quarterly conference call on Friday. Wirzba, who declined an interview request, has previously said the Gulf offers "tremendous opportunity," citing additional demand last year on Marketlink and potential joint infrastructure projects. South Bow plans to deliver 2-3% compound annual growth, underpinned by a 16-mile crude pipeline tying into International Petroleum Corp's Blackrod oil sands project by 2026, TC has said.

BREAKINGVIEWS

Total's US re-listing idea could backfire

The \$170 billion oil major is considering decamping to the United States to court oil-friendly investors. Yet getting included in the big stock index would mean cutting French roots, and a valuation boost looks unlikely. Staying at home may also be better for its growing power unit.

ANALYSTS' RECOMMENDATION

- **DRI Healthcare Trust:** CIBC raises target price to C\$20.00 from C\$19.50, citing growth in company's royalty income.
- **Finning International Inc:** Scotiabank raises target price to C\$54 from C\$53, expecting growth in mining and construction related product support.

- **George Weston Ltd:** CIBC raises target price to C\$235.00 from C\$222.00, as the focus shifts to bringing down the company's Holdco discount.
- **Goeasy Ltd:** CIBC raises target price to C\$230.00 from C\$220.00, on strong growth outlook for second half of the year.
- **Real Matters Inc:** Canaccord Genuity raises rating to buy from hold, expecting operating leverage to improve significantly.

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

1100 LSEG IPSOS PCSI for May: Prior 48.02

COMPANIES REPORTING RESULTS

May 8:

CCL Industries Inc: Expected Q1 earnings of C\$1.01 per share
Denison Mines Corp: Expected Q1 loss of 1 Canadian cent per share
Enerplus Corp: Expected Q1 earnings of 35 cents per share
Filo Corp: Expected Q1 loss of 24 Canadian cents per share
First Majestic Silver Corp: Expected Q1 loss of 5 cents per share
Innergex Renewable Energy Inc: Expected Q1 loss of 8 Canadian cents per share
Kinaxis Inc: Expected Q1 earnings of 49 cents per share
Labrador Iron Ore Royalty Corp: Expected Q1 earnings of 79 Canadian cents per share
Lundin Gold Inc: Expected Q1 earnings of 24 cents per share
Manulife Financial Corp: Expected Q1 earnings of 91 Canadian cents per share
Nutrien Ltd: Expected Q1 earnings of 39 cents per share
Osisko Gold Royalties Ltd: Expected Q1 earnings of 15 Canadian cents per share
Pan American Silver Corp: Expected Q1 loss of 5 cents per share
Parex Resources Inc: Expected Q1 earnings of 75 cents per share
Power Corporation of Canada: Expected Q1 earnings of C\$1.11 per share
Sprott Inc: Expected Q1 earnings of 39 cents per share
Stantec Inc: Expected Q1 earnings of 86 Canadian cents per share
Stelco Holdings Inc: Expected Q1 earnings of C\$1.56 per share
Stella-Jones Inc: Expected Q1 earnings of C\$1.07 per share
Torex Gold Resources Inc: Expected Q1 earnings of 36 cents per share
Wesdome Gold Mines Ltd: Expected Q1 earnings of 7 Canadian cents per share
WSP Global Inc: Expected Q1 earnings of C\$1.47 per share

May 9:

ARC Resources Ltd: Expected Q1 earnings of 40 Canadian cents per share
Baytex Energy Corp: Expected Q1 earnings of 12 Canadian cents per share
Canadian Tire Corporation Ltd: Expected Q1 earnings of 67 Canadian cents per share
Definity Financial Corp: Expected Q1 earnings of 72 Canadian cents per share
iA Financial Corporation Inc: Expected Q1 earnings of C\$2.37 per share
IAMGOLD Corp: Expected Q1 earnings of 2 cents per share
Jamieson Wellness Inc: Expected Q1 earnings of 5 Canadian cents per share
MDA Ltd: Expected Q1 earnings of 10 Canadian cents per share
Pembina Pipeline Corp: Expected Q1 earnings of 74 Canadian cents per share
Primo Water Corp: Expected Q1 earnings of 14 cents per share
Quebecor Inc: Expected Q1 earnings of 67 Canadian cents per share
Sun Life Financial Inc: Expected Q1 earnings of C\$1.65 per share
Telus Corp: Expected Q1 earnings of 23 Canadian cents per share
Wheaton Precious Metals Corp: Expected Q1 earnings of 29 cents per share

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

0800 **Kinross Gold Corp:** Q1 Earnings Conference call
 0800 **Primo Water Corp:** Annual Shareholders Meeting
 0830 **Exchange Income Corp:** Q1 Earnings Conference call
 0900 **Dundee Precious Metals Inc:** Q1 Earnings Conference call
 0900 **Killam Apartment REIT:** Q1 Earnings Conference call

0930 **Spin Master Corp**: Q1 Earnings Conference call
0930 **Suncor Energy Inc**: Q1 Earnings Conference call
1000 **Kinross Gold Corp**: Annual Shareholders Meeting
1000 **Sprott Inc**: Q1 Earnings Conference call
1000 **Stella-Jones Inc**: Annual Shareholders Meeting
1100 **B2Gold Corp**: Q1 Earnings Conference call
1100 **goeasy Ltd**: Q1 Earnings Conference call
1100 **Intact Financial Corp**: Q1 Earnings Conference call
1130 **Ero Copper Corp**: Q1 Earnings Conference call
1130 **Spin Master Corp**: Annual Shareholders Meeting
1200 **Canadian Utilities Ltd**: Annual Shareholders Meeting
1200 **Fortuna Silver Mines Inc**: Q1 Earnings Conference call
1200 **Sprott Inc**: Annual Shareholders Meeting
1300 **goeasy Ltd**: Annual Shareholders Meeting
1300 **Intact Financial Corp**: Annual Shareholders Meeting
1330 **Stella-Jones Inc**: Q1 Earnings Conference call
1530 **Enbridge Inc**: Annual Shareholders Meeting
1600 **Dundee Precious Metals Inc**: Annual Shareholders Meeting
1600 **Innergex Renewable Energy Inc**: Annual Shareholders Meeting
1730 **Nutrien Ltd**: Annual Shareholders Meeting
1800 **Pan American Silver Corp**: Annual Shareholders Meeting

EX-DIVIDENDS

Tourmaline Oil Corp (Alberta): Amount C\$0.5

(All analysts' estimates are according to LSEG IBES data)

PICTURE OF THE DAY



A security guard walks up the driveway of 21 Park Lane Circle after a security guard was shot outside the Bridle Path mansion of Canadian rap star Drake in Toronto, Ontario, May 7. REUTERS/Arlyn McAdorey

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