

MORNING NEWS CALL

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Canada Edition

Wednesday, June 26, 2024

TOP NEWS

• **WestJet receives second strike notice from union**

Canada's WestJet Airlines said a union representing its maintenance engineers had rejected its new offer and served a second strike notice, just days after the union called off a strike and agreed to return to the bargaining table.

• **Haisla Nation, Pembina Pipeline agree to go ahead with Cedar LNG project**

Oil and gas transportation firm Pembina Pipeline said on Tuesday it has reached a positive final investment decision with partner Haisla Nation on the Cedar LNG project.

• **JX to sell 19% stake in Chile's Caserones copper mine for \$350 million**

Japan's JX Advanced Metals, a unit of Eneos Holdings, said it has agreed to sell an additional 19% stake in the operator of Caserones copper mine in Chile to Canada's Lundin Mining for \$350 million.

• **Nvidia shares surged, bouncing after \$430 billion market slump**

Shares of Nvidia surged on Tuesday, snapping out of a three-session tailspin that had erased about \$430 billion from the artificial intelligence chipmaker's market value.

• **FedEx eyes fiscal 2025 profit just above Wall St target, shares soar**

FedEx on Tuesday forecast fiscal 2025 profit above analysts' estimates, and shares in the delivery giant soared as executives said slashing expenses and consolidating operations would bolster returns even as demand remained weak for package deliveries.

BEFORE THE BELL

Futures linked to Canada's main stock index edged up, supported by higher **crude** prices. **Nasdaq futures** rose as Nvidia and other chip stocks continued to regain momentum, while FedEx shares soared on the back of an upbeat annual profit forecast. Gains in technology and mining stocks boosted **European shares**. **Japan's Nikkei** climbed more than 1% to secure a 2-1/2 month closing peak as investors snapped up technology stocks, and chip-related heavyweights surged. **Gold** prices fell as the **U.S. dollar** strengthened.

STOCKS TO WATCH

• **Pembina Pipeline Corp:** The oil and gas transportation firm said on Tuesday it has reached a positive final investment decision with partner Haisla Nation on the Cedar LNG project. The liquefied natural gas project, located in the territory of the Haisla Nation, on Canada's West Coast, will have a capacity of 3.3 million tonnes per annum. Pembina said 60% of the project cost will be funded with asset-level debt financing and 40% through equity contributions from both partners. The project, forecast to become operational in late 2028, is expected to generate annual run-rate adjusted core profit of \$200 million to \$260 million.

ANALYSIS

A mountain of asset sales loom after oil megamerger era

U.S. oil and gas companies could face an uphill struggle to sell about \$27 billion of assets to fund investor payouts over the next few years as the biggest wave of energy megamerger in 25 years nears the end of regulatory reviews.

ANALYSTS' RECOMMENDATION

• **Pembina Pipeline Corp:** CIBC raises target price to C\$58 from C\$57, after the company reached a positive final investment decision with partner Haisla Nation on the Cedar LNG project.

• **Skeena Resources Ltd:** Scotiabank cuts target price to C\$12 from C\$14, after the company secured financing package for Eskay Creek project, noting the gold stream component of the financing package dilutes the project's value to shareholders as compared to estimates modeling a combination of debt and equity.

COMPANIES REPORTING RESULTS

June 26:

BlackBerry Ltd: Expected Q1 loss of 4 cents per share

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

0800 **Alimentation Couche-Tard Inc:** Q4 earnings conference call

1400 **CI Financial Corp:** Annual Shareholders Meeting

1730 **BlackBerry Ltd:** Q1 earnings conference call

EX-DIVIDENDS

West Fraser Timber Co Ltd: Amount \$0.32

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

PICTURE OF THE DAY



Canada's Prime Minister Justin Trudeau walks in silhouette to attend an announcement on the planned Great Bear Sea PFP project, with the port of Vancouver in the background, in Vancouver, British Columbia, June 25. REUTERS/Chris Helgren

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