

# MORNING NEWS CALL

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Canada Edition

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## Earnings Roundup

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### TOP NEWS

- **Bank of Canada set to cut rates, update forecasts on inflation, GDP**

The Bank of Canada (BoC) is widely expected to trim its key overnight rate by 25 basis points on Wednesday amid slowing inflation, a weak job market and tepid economic growth, economists and analysts said.

- **Canada's Teck Resources beats second-quarter profit estimates**

Canadian miner Teck Resources beat second-quarter profit estimates, helped by higher production of copper at its Quebrada Blanca mine in Chile and an increase in copper prices.

- **Tesla profit margins worst in five years as price cuts, incentives weigh**

Tesla on Tuesday reported its lowest profit margin in more than five years and missed Wall Street earnings targets in the second quarter, as the electric vehicle maker cut prices to revive demand while it increased spending on AI projects.

- **Google parent Alphabet beats Q2 revenue, profit estimates on strong ads, cloud**

Alphabet beat second-quarter revenue and profit estimates on Tuesday, driven by a rise in digital advertising sales and healthy demand for its cloud computing services, but flagged that capital expenses would remain high for the year.

- **Rogers Communications beats estimates for quarterly subscriber additions**

Canada's Rogers Communications beat analysts' estimates for quarterly wireless subscriber additions, helped by steady demand for its mobile plans.

### BEFORE THE BELL

**Futures linked to Canada's main stock index** fell ahead of the Bank of Canada's interest-rate decision due later in the day, while miner Teck Resources beat second-quarter profit estimates. **Nasdaq** futures dropped sharply after earnings from Tesla and Alphabet heightened investor concerns about the dominance of Big Tech stocks that have boosted Wall Street to record highs. **European markets** were also down, with weak results from LVMH and other companies dampening investor sentiment. In Japan, the **Nikkei** fell for the sixth straight session as the **yen** continued to strengthen. The **U.S. dollar** was little changed, with traders watching out for an inflation reading on Friday and a Federal Reserve meeting next week. Meanwhile, **oil** prices pared losses, while **gold** prices edged higher.

**STOCKS TO WATCH****Results**

- **Rogers Communications Inc:** The Canadian company beat analysts' estimates for quarterly wireless subscriber additions, helped by steady demand for its mobile plans. The company added 112,000 monthly bill-paying wireless phone subscribers in the second quarter, compared with estimates of 110,450, according to Visible Alpha. Rogers reported a net income of C\$394 million in the quarter ended June 30, compared with C\$109 million a year earlier.
- **Teck Resources Ltd:** The Canadian miner beat second-quarter profit estimates, helped by higher production of copper at its Quebrada Blanca mine in Chile and an increase in copper prices. Teck said copper prices rose by 15% compared with a year earlier and averaged \$4.42 per pound. It produced 110,400 tonnes of copper in the second quarter, a 71% jump from the year-earlier period. However, the company cut its full-year copper production guidance to 435,000 tonnes to 500,000 tonnes due to an expected fall in QB mine output amid "short-term access issues related to pit de-watering and a localized geotechnical issue."

**In Other News**

- **First Quantum Minerals Ltd:** The company said on Tuesday that Jiangxi Copper will have the right to nominate one person to the Canadian miner's board as the company looks to keep its biggest shareholder at arm's length. The company announced it has entered into a new shareholder rights agreement (SRA) with Jiangxi which has agreed to a customary standstill restriction. It will prohibit the Chinese miner from acquiring shares of the company while the SRA is in effect and for six months after that.

**PREVIEW****Gold rally to boost profits for miners Newmont, Barrick**

Newmont and Barrick Gold, the top two gold miners of the world, are expected to post higher quarterly profits, powered by a rally in the precious metal's prices.

**ANALYSTS' RECOMMENDATION**

- **Canadian National Railway:** ATB Capital Markets cuts target price to C\$177 from C\$180 after the company reported weaker than expected second-quarter earnings.
- **Cargojet Inc:** Canaccord Genuity raises target price to C\$156 from C\$150 ahead of the company's second-quarter earnings, citing increased domestic and charter revenue forecasts, supported by a contract with Great Vision and data in the quarter.
- **Mainstreet Equity Corp:** ATB Capital Markets raises target price to C\$215 from C\$200 after the firm posted strong third-quarter results, with double-digit growth across all key operating metrics.

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

0830 **New housing price index** for Jun: Prior 0.2%

0945 **BoC rate decision for July:** Expected 4.50%; Prior 4.75%

**COMPANIES REPORTING RESULTS****July 24:**

**Athabasca Oil Corp:** Expected Q2 earnings of 17 Canadian cents per share

**Celestica Inc:** Expected Q2 earnings of 81 cents per share

**Waste Connections Inc:** Expected Q2 earnings of \$1.17 per share

**West Fraser Timber Co Ltd:** Expected Q2 earnings of \$1.32 per share

**Whitecap Resources Inc (Pre-merger):** Expected Q2 earnings of 38 Canadian cents per share

**July 25:**

**Advantage Energy Ltd:** Expected Q2 earnings of 1 Canadian cent per share

**Baytex Energy Corp:** Expected Q2 earnings of 16 Canadian cents per share

**Bombardier Inc:** Expected Q2 earnings of 78 cents per share

**Eldorado Gold Corp:** Expected Q2 earnings of 26 cents per share

**Firstservice Corp:** Expected Q2 earnings of \$1.29 per share

**Loblaw Companies Ltd:** Expected Q2 earnings of C\$2.15 per share

**MEG Energy Corp:** Expected Q2 earnings of 71 Canadian cents per share

**Mullen Group Ltd:** Expected Q2 earnings of 29 Canadian cents per share

**TFI International Inc:** Expected Q2 earnings of \$1.62 per share

**Veren Inc:** Expected Q2 earnings of 37 Canadian cents per share

**Winpak Ltd:** Expected Q2 earnings of 63 cents per share

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

0800 **Rogers Communications Inc:** Q2 earnings conference call

0900 **First Quantum Minerals Ltd:** Q2 earnings conference call

1100 **Teck Resources Ltd:** Q2 earnings conference call

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

## PICTURE OF THE DAY



*Police officers stand guard during a protest in support of Palestinians inside of the Cannon Office Building one day prior to Israeli Prime Minister Benjamin Netanyahu address to the U.S. Congress in Washington, U.S., July 23. REUTERS/Michael A. McCoy*

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