

MORNING NEWS CALL

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Canada Edition

Thursday, July 28, 2022

Earnings Roundup

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TOP NEWS

- **Shell, Total continue buyback bonanza after record profits**

Europe's biggest oil companies Shell and TotalEnergies extended share buybacks after their second-quarter profits beat an already record-breaking previous quarter on the back of soaring crude, gas and oil product prices.

- **Spirit Airlines agrees to \$3.8 billion offer from JetBlue**

Spirit Airlines agreed to a \$3.8 billion buyout offer from low-cost rival JetBlue Airways, ending a drawn-out battle for the carrier that would help create the fifth-largest U.S. airline.

- **Pfizer profit surges, reaffirms sales forecast for COVID-19 products**

Pfizer reported a 78% jump in profit and reaffirmed the combined 2022 sales forecast of \$54 billion for its COVID-19 vaccine and pill, as countries rushed to sign contracts to prepare for a surge of cases in the fall season.

- **Cenovus Energy profit jumps 11-fold on crude rally**

Cenovus Energy reported a near 11-fold surge in second-quarter profit, helped by its purchase of rival Husky and rising energy prices after the Russian invasion of Ukraine.

- **Jack Ma plans to give up control of Ant Group - WSJ**

Chinese billionaire Jack Ma plans to give up control of financial technology company Ant Group Co in an effort to move away from affiliate Alibaba, the Wall Street Journal reported.

BEFORE THE BELL

Canada's main stock index futures slipped, tracking **Wall Street futures** which fell, after gloomy forecasts from Meta and Qualcomm soured the mood ahead of data which could likely show a rebound in U.S. economic growth in the second quarter. **European shares** came off session highs on some downbeat earnings. **Japan's Nikkei** erased most of its early gains on concerns over corporate outlook. The **U.S. dollar** edged higher, and **gold** prices gained. **Oil** rose, buoyed by improved risk appetite among investors as lower crude inventories and a rebound in gasoline demand in the United States supported prices.

STOCKS TO WATCH

- **Cenovus Energy Inc:** The company reported a near 11-fold surge in second-quarter profit, helped by its purchase of rival Husky and rising energy prices after the Russian invasion of Ukraine. Oil prices have scaled multi-year records this year as Western sanctions against major exporter Russia squeezed an already under-supplied market. Cenovus, which completed its purchase of Husky in January to create Canada's No. 3 oil and gas producer, said its production fell to 761,500 barrels of oil equivalent per day (boepd) in the quarter, from 765,900



boepd a year earlier. Its net earnings rose to C\$2.43 billion, or C\$1.19 Canadian cents per share, for the three months ended June 30, from C\$224 million, or 11 Canadian cents per share, a year earlier.

ANALYSIS

After another jumbo Fed hike, some investors see glimmers of hope

Investors are gauging whether the U.S. Federal Reserve has reached the peak of its aggressiveness in hiking rates, with some saying they're ready to up risky positions again. The Fed delivered its second straight 75 basis point rate increase on Wednesday, but Chairman Jerome Powell suggested the central bank could slow the pace of its rate increases in coming months if there is evidence that tighter monetary policy is taming the worst U.S. inflation in four decades.

ANALYSTS' RECOMMENDATION

- **Cargojet Inc:** CIBC raises target price to C\$210 from C\$207, citing near- and long-term outlook remaining healthy despite consumer spending concerns.
- **CGI Inc:** RBC raises target price to C\$130 from C\$120, saying the third quarter showed the resiliency of the company's business with revenue above expectations as organic growth reached new highs.
- **First Quantum Minerals Ltd:** Scotiabank cuts target price to C\$33 from C\$35, after the company reported weaker-than-anticipated second-quarter results and warned of growing challenges to production and costs.
- **Loblaw Companies Ltd:** CIBC raises target price to C\$136 from C\$129, believing the company is executing well and is a structural net winner in consumers trading down amidst elevated inflation.
- **Rogers Communications Inc:** RBC cuts target price to C\$73 from C\$75, believing the third quarter will take a notable step back due to the in-quarter impacts from the July 8th network outage.

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

0700 **Business barometer** for July: Prior 59.36

0830 **Average weekly earnings yy** for May: Prior 3.99%

COMPANIES REPORTING RESULTS

July 28:

Advantage Energy Ltd: Expected Q2 earnings of 45 Canadian cents per share

AltaGas Ltd: Expected Q2 earnings of 11 Canadian cents per share

ARC Resources Ltd: Expected Q2 earnings of 79 Canadian cents per share

Atco Ltd: Expected Q2 earnings of 73 Canadian cents per share

Canadian Pacific Railway Ltd: Expected Q2 earnings of 92 Canadian cents per share

Canadian Utilities Ltd: Expected Q2 earnings of 46 Canadian cents per share

Cardinal Energy Ltd (Alberta): Expected Q2 earnings of 40 Canadian cents per share

Dundee Precious Metals Inc: Expected Q2 earnings of 20 cents per share

Eldorado Gold Corp: Expected Q2 earnings of 11 cents per share

Fairfax Financial Holdings Ltd: Expected Q2 earnings of \$2.47 per share

Fortis Inc: Expected Q2 earnings of 60 Canadian cents per share

iA Financial Corporation Inc: Expected Q2 earnings of C\$2.11 per share

Intact Financial Corp: Expected Q2 earnings of C\$2.78 per share

MEG Energy Corp: Expected Q2 earnings of 85 Canadian cents per share

Sleep Country Canada Holdings Inc: Expected Q2 earnings of 57 Canadian cents per share

Tamarack Valley Energy Ltd: Expected Q2 earnings of 23 Canadian cents per share

TC Energy Corp: Expected Q2 earnings of 98 Canadian cents per share

TFI International Inc: Expected Q2 earnings of \$1.69 per share

TMX Group Ltd: Expected Q2 earnings of C\$1.76 per share

Whitecap Resources Inc: Expected Q2 earnings of 53 Canadian cents per share

Yamana Gold Inc: Expected Q2 earnings of 7 cents per share

July 29:

Canfor Corp: Expected Q2 earnings of C\$2.70 per share

Enbridge Inc: Expected Q2 earnings of 71 Canadian cents per share

Imperial Oil Ltd: Expected Q2 earnings of C\$2.54 per share

Magna International Inc: Expected Q2 earnings of 93 cents per share

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

0800 **Kinross Gold Corp:** Q2 earnings conference call
0800 **Lundin Mining Corp:** Q2 earnings conference call
0830 **Canadian Pacific Railway Ltd:** Q2 earnings conference call
0830 **Fortis Inc:** Q2 earnings conference call
0830 **GFL Environmental Inc:** Q2 earnings conference call
0930 **Spin Master Corp:** Q2 earnings conference call
1000 **Alamos Gold Inc:** Q2 earnings conference call
1000 **AltaGas Ltd:** Q2 earnings conference call
1100 **Agnico Eagle Mines Ltd:** Q2 earnings conference call
1100 **Baytex Energy Corp:** Q2 earnings conference call
1100 **Canadian Utilities Ltd:** Q2 earnings conference call
1100 **Cenovus Energy Inc:** Q2 earnings conference call
1100 **Methanex Corp:** Q2 earnings conference call
1100 **TC Energy Corp:** Q2 earnings conference call
1100 **Tourmaline Oil Corp:** Q2 earnings conference call
1100 **Whitecap Resources Inc:** Q2 earnings conference call
1130 **West Fraser Timber Co Ltd:** Q2 earnings conference call
1200 **Atco Ltd:** Q2 earnings conference call
1400 **iA Financial Corporation Inc:** Q2 earnings conference call

EX-DIVIDENDS

Canadian Tire Corporation Ltd: Amount C\$1.62
Cardinal Energy Ltd (Alberta): Amount C\$0.05
Exchange Income Corp: Amount C\$0.20
First National Financial Corp: Amount C\$0.19
Freehold Royalties Ltd: Amount C\$0.08
Mullen Group Ltd: Amount C\$0.06
Northland Power Inc: Amount C\$0.10
Peyto Exploration & Development Corp: Amount C\$0.05
Sienna Senior Living Inc: Amount C\$0.07
Superior Plus Corp: Amount C\$0.06
Tamarack Valley Energy Ltd: Amount C\$0.01
Whitecap Resources Inc: Amount C\$0.03

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

PICTURE OF THE DAY



Pope Francis holds his skullcap as he attends a welcome ceremony at the Citadelle in Quebec City, July 27. REUTERS/Christinne Muschi

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(Compiled by Samrhitha Arunasalam and Priyal Mahtta in Bengaluru)

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