

MORNING NEWS CALL

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Canada Edition

Wednesday, July 31, 2024

Earnings Roundup

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TOP NEWS

• Fed expected to hold rates steady, open door to September cut

The Federal Reserve is expected to leave interest rates unchanged at the end of a two-day policy meeting, but also indicate that a reduction in borrowing costs could come as soon as September.

• **Microsoft's slow cloud growth signals AI payoff will take longer**

Microsoft said it would spend more money this fiscal year to build out AI infrastructure even as growth slowed in its cloud business, another sign the payoff from hefty investments in the technology may take longer than Wall Street had hoped.

• **AMD raises forecast for AI chip revenue and sees supplies remaining tight**

Advanced Micro Devices on Tuesday increased its 2024 forecast for artificial intelligence chip sales by \$500 million and said supplies would remain tight through 2025, sending shares of the company up in extended trading.

• **Citi breached a rule meant to keep banks safe, made liquidity reporting errors**

Citigroup repeatedly breached a U.S. Federal Reserve rule that limits intercompany transactions, leading to errors in its internal liquidity reporting, according to a Citi document from December seen by Reuters.

• **New US rule on foreign chip equipment exports to China to exempt some allies, sources say**

The Biden administration plans to unveil a new rule next month that will expand U.S. powers to stop exports of semiconductor manufacturing equipment from some foreign countries to Chinese chipmakers, two sources familiar with the rule said.

BEFORE THE BELL

Futures for **Canada's main stock index** surged as **oil** and **gold** prices advanced, ahead of the country's May GDP figures. **Nasdaq futures** climbed, supported by chip stocks following a bullish forecast from Advanced Micro Devices, while Microsoft slipped ahead of the Federal Reserve's policy decision. Investors expect the U.S. central bank to hold rates steady and open the door for a September rate cut. Separately, **European shares** rose, led by gains in Dutch chip equipment manufacturer ASML and other corporate updates. Meanwhile, the Bank of Japan's rate hike announcement and Governor Kazuo Ueda's comments drove **Nikkei** higher and strengthened the **yen**. The **U.S. dollar**, however, weakened against a basket of currencies.

STOCKS TO WATCH

• **Cenovus Energy Inc:** Cenovus Energy shut down a unit at its 183,000-barrel-per-day (bpd) refinery in Lima, Ohio, on Tuesday, the company said. "Lima Refining Company is responding to an issue at its facility," a Cenovus spokesperson said, without giving a reason for the shutdown. "As the Refinery responds, community members will see larger than normal flaring as part of our normal shutdown procedures," the spokesperson said. No injuries have been reported, the company added. Lima Refining Company is a subsidiary of Husky Energy, a Cenovus company.

PREVIEW**Apple likely to post higher revenue as discounts aid iPhone demand in China**

Apple will likely report on Thursday that it returned to revenue growth in its fiscal third quarter as it won back some customers in China with big iPhone discounts and sold more high-margin iPads thanks to a refreshed design.

ANALYSTS' RECOMMENDATION

- **Canadian Pacific Kansas City Ltd.:** ATB Capital Markets raises target price to C\$133 from C\$130, after the company's management reaffirmed its full-year guidance for double-digit EPS growth while releasing second-quarter results.
- **Chorus Aviation Inc:** National Bank of Canada raises target to C\$3.65 from C\$3.25, forecasting that the sale of the company's regional aircraft leasing segment will position the company to re-focus its growth on the remaining businesses.
- **George Weston Ltd:** CIBC raises target price to C\$254 from C\$235, following the company's second-quarter results which were in line with the brokerage's expectations.
- **International Petroleum Corp:** ATB Capital Markets raises target price to C\$21 from C\$19, following the company's solid second-quarter results.
- **Precision Drilling Corp:** CIBC raises target price to C\$140 from C\$130, following the company's better-than-expected second-quarter results on strong Canadian and U.S. rig margins.

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

0830 **GDP mm for May:** Expected 0.1%; Prior 0.3%

COMPANIES REPORTING RESULTS**July 31:**

- Agnico Eagle Mines Ltd (Ontario):** Expected Q2 earnings of 92 cents per share
- Alamos Gold Inc:** Expected Q2 earnings of 19 cents per share
- Cameco Corp:** Expected Q2 earnings of 26 Canadian cents per share
- Capital Power Corp:** Expected Q2 earnings of 56 Canadian cents per share
- CGI Inc:** Expected Q3 earnings of C\$1.91 per share
- Fortis Inc:** Expected Q2 earnings of 65 Canadian cents per share
- GFL Environmental Inc:** Expected Q2 earnings of 30 Canadian cents per share
- Ivanhoe Mines Ltd:** Expected Q2 earnings of 10 cents per share
- Kinaxis Inc:** Expected Q2 earnings of 52 cents per share
- Kinross Gold Corp:** Expected Q2 earnings of 13 cents per share
- NFI Group Inc:** Expected Q2 earnings of 00 per share
- Parkland Corp:** Expected Q2 earnings of 90 Canadian cents per share
- Russel Metals Inc:** Expected Q2 earnings of 83 Canadian cents per share
- SSR Mining Inc:** Expected Q2 earnings of 00 per share
- TMX Group Ltd:** Expected Q2 earnings of 42 Canadian cents per share
- Tourmaline Oil Corp (Alberta):** Expected Q2 earnings of 89 Canadian cents per share
- Vermilion Energy Inc:** Expected Q2 earnings of 35 Canadian cents per share

August 1:

- AltaGas Ltd:** Expected Q2 earnings of 11 Canadian cents per share
- Badger Infrastructure Solutions Ltd:** Expected Q2 earnings of 49 cents per share
- Bausch Health Companies Inc:** Expected Q2 earnings of 88 cents per share

BCE Inc: Expected Q2 earnings of 78 Canadian cents per share
Canada Goose Holdings Inc: Expected Q1 loss of 80 Canadian cents per share
Canadian Natural Resources Ltd: Expected Q2 earnings of 81 Canadian cents per share
Capstone Copper Corp: Expected Q2 earnings of 4 cents per share
Genovus Energy Inc: Expected Q2 earnings of 67 Canadian cents per share
Centerra Gold Inc: Expected Q2 earnings of 16 cents per share
Colliers International Group Inc: Expected Q2 earnings of \$1.36 per share
Definity Financial Corp: Expected Q2 earnings of 63 Canadian cents per share
Dundee Precious Metals Inc: Expected Q2 earnings of 29 cents per share
Ero Copper Corp: Expected Q2 earnings of 16 cents per share
Fairfax Financial Holdings Ltd: Expected Q2 earnings of \$1.33 per share
First Majestic Silver Corp: Expected Q2 loss of 00 per share
Gildan Activewear Inc: Expected Q2 earnings of 72 cents per share
Lightspeed Commerce Inc: Expected Q1 earnings of 6 cents per share
Open Text Corp: Expected Q4 earnings of \$1.02 per share
Sandstorm Gold Ltd: Expected Q2 earnings of 2 cents per share
Tamarack Valley Energy Ltd: Expected Q2 earnings of 35 Canadian cents per share
TC Energy Corp: Expected Q2 earnings of 91 Canadian cents per share
Thomson Reuters Corp: Expected Q2 earnings of 82 cents per share
TransAlta Corp: Expected Q2 earnings of 5 Canadian cents per share
Trisura Group Ltd: Expected Q2 earnings of 67 Canadian cents per share

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

0800 **Toromont Industries Ltd:** Q2 earnings conference call
 0800 **WSP Global Inc:** Q2 earnings conference call
 0830 **Fortis Inc:** Q2 earnings conference call
 0830 **New Gold Inc:** Q2 earnings conference call
 0900 **CGI Inc:** Q3 earnings conference call
 0930 **Spin Master Corp:** Q2 earnings conference call
 1000 **Lundin Mining Corp:** Q2 earnings conference call
 1000 **OceanaGold Corp:** Q2 earnings conference call
 1030 **Ivanhoe Mines Ltd:** Q2 earnings conference call
 1100 **Capital Power Corp:** Q2 earnings conference call
 1100 **Intact Financial Corp:** Q2 earnings conference call
 1100 **Methanex Corp:** Q2 earnings conference call
 1300 **Precision Drilling Corp:** Q2 earnings conference call

EX-DIVIDENDS

Canadian Tire Corporation Ltd: Amount C\$1.75
Chartwell Retirement Residences: Amount C\$0.051
Exchange Income Corp: Amount C\$0.22
Freehold Royalties Ltd: Amount C\$0.09
Mullen Group Ltd: Amount C\$0.06
Northland Power Inc: Amount C\$0.1
Peyto Exploration & Development Corp: Amount C\$0.11
Sienna Senior Living Inc: Amount C\$0.078
Tamarack Valley Energy Ltd: Amount C\$0.012
Whitecap Resources Inc: Amount C\$0.060

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

PICTURE OF THE DAY



A man jogs at sunset in Pembroke, Malta, July 30. REUTERS/Darrin Zammit Lupi

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