

MORNING NEWS CALL

Powered by Reuters

Canada Edition

Friday, August 2, 2024

Earnings Roundup

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TOP NEWS

- **Intel shares set to fall most in 24 years as it struggles with turnaround**

Intel was set to erase nearly \$25 billion in market value in what would be its worst selloff since 2000 after it suspended its dividend and slashed its workforce to fund a costly turnaround for its chip-making business.

- **Apple pins hopes on AI for iPhone upgrades as China sales falter**

Apple said its third-quarter iPhone sales were better than expected and forecast more gains on Thursday as it bets on artificial intelligence to attract buyers, even as its overall China business disappointed.

- **Amazon says consumers cautious, forecasts revenue below Wall Street targets**

Amazon.com reported slowing online sales growth in the second quarter and said cautious consumers were seeking out cheaper options for purchases, sending shares down.

- **Exxon delivers \$9.2 billion second-quarter profit, raises output target**

Exxon Mobil posted a better-than-expected \$9.2 billion second-quarter profit based on rising output from its purchase this year of shale oil firm Pioneer Natural Resources.

- **Chevron reports Q2 earnings miss on weak refining margins**

Chevron reported second-quarter earnings that missed Wall Street estimates due to industry-wide pressure from lower refining margins and natural gas prices, sending its shares down in premarket trading.

BEFORE THE BELL

Canada futures dropped, tracking a significant decline in global stocks driven by uncertainties around U.S. economic growth and disappointing corporate earnings, with a key U.S. payrolls report on the horizon; however, an uptick in **gold** prices helped limit the declines. **Wall Street futures** fell sharply after all three major indexes kicked off August in the red. In Asia, Japan's **Nikkei** closed nearly 6% lower, logging its worst session in more than four years, while the broader **Topix** dived 6.14% in its biggest one-day drop since mid-2016. Tracking the global risk-off sentiment, **European shares** also declined, overshadowing a handful of positive corporate updates. Additionally, the **Cboe Volatility Index**, a key measure of investor anxiety on Wall Street, surpassed its long-term average of 20 points for the first time since mid-April. Meanwhile, Intel is set to face its worst selloff since 2000 after suspending dividends and announcing job cuts to fund a turnaround of its chip business. Separately, the **U.S. dollar** slipped on U.S. economic worries, lifting traditional safe-haven currencies. **Oil** prices held steady but remained on course for a fourth successive weekly decline as signs of weak growth in global fuel demand outweighed fears of supply disruption in the Middle East.

STOCKS TO WATCH**Results**

• **Magna International Inc:** The auto parts supplier missed analysts' estimates for second-quarter results, hurt by production being stopped for certain vehicles and lower volumes of automobiles that it assembled. Magna lowered its 2026 sales forecast range to \$44.0 billion to \$46.5 billion, compared with its prior view of \$48.8 billion to \$51.2 billion. On an adjusted basis, the company earned \$1.35 per share in the second quarter ending June, compared with estimates of \$1.44. Magna's quarterly revenue fell marginally to \$10.96 billion. Analysts had expected revenue of about \$11 billion.

• **Enbridge Inc:** The pipeline operator missed market estimates for second-quarter profit, hurt by lower Canadian gas transmission income. Quarterly adjusted core profit from Enbridge's Canadian Gas Transmission segment was down 30% to C\$98 million from a year earlier. Adjusted core profit from the company's Mainline System fell 9.3% to C\$1.32 billion in the quarter ended June 30. The company reported an adjusted profit of 58 Canadian cents per share, compared with analysts' average estimate of 64 Canadian cents.

In Other News

• **Victoria Gold Corp:** A First Nation group has asked the Yukon government to initiate steps to remove the management of Victoria Gold Corp, citing failure of the top executives to contain the environmental damage caused by the company's Eagle Gold mine. The mine, located in land belonging to First Nation groups of Na-Cho Nyäk Dun (FNNND), has been under the scanner since June when the company halted operations due to an operational failure leading to cyanide contamination at the site.

ANALYSIS**UPS plan to sweeten holiday profits could turn off shippers**

UPS, the world's biggest package delivery courier, is the first major industry player to announce this year's holiday surcharges, unveiling hefty hikes that analysts say could backfire.

ANALYSTS' RECOMMENDATION

• **GFL Environmental Inc:** ATB Capital Markets raises target price to C\$67 from C\$66, after the company delivered strong second-quarter results on a price-led growth.

• **Kinaxis Inc:** ATB Capital markets cuts target price to C\$205 from C\$215, reflecting a slowdown in the company's software as a service revenue growth throughout 2024 and 2025.

• **NFI Group Inc:** ATB Capital Markets raises target price to C\$22 from C\$18, following the company's solid second-quarter results where the management reaffirmed full-year 2024 and 2025 guidance.

COMPANIES REPORTING RESULTS**August 2:**

Atco Ltd: Expected Q2 earnings of 79 Canadian cents per share

Brookfield Business Partners LP: Expected Q2 loss of 2 cents per share

Brookfield Renewable Partners LP: Expected Q2 loss of 1 cent per share

Canadian Utilities Ltd: Expected Q2 earnings of 41 Canadian cents per share

Enbridge Inc: Expected Q2 earnings of 64 Canadian cents per share

Imperial Oil Ltd: Expected Q2 earnings of C\$1.91 per share

Magna International Inc: Expected Q2 earnings of \$1.44 per share

Telus Corp: Expected Q2 earnings of 22 Canadian cents per share

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

0800 **Magna International Inc:** Q2 earnings conference call

0830 **Fairfax Financial Holdings Ltd:** Q2 earnings conference call

0900 **Badger Infrastructure Solutions Ltd:** Q2 earnings conference call

0900 **Brookfield Renewable Partners LP:** Q2 earnings conference call

0900 **Centerra Gold Inc:** Q2 earnings conference call

0900 **Dundee Precious Metals Inc:** Q2 earnings conference call

0900 **Enbridge Inc:** Q2 earnings conference call

0900 **Trisura Group Ltd:** Q2 earnings conference call

1000 **ARC Resources Ltd:** Q2 earnings conference call

1000 **Brookfield Business Partners LP**: Q2 earnings conference call
1000 **Canada Goose Holdings Inc**: Annual Shareholders Meeting
1000 **Canadian Utilities Ltd**: Q2 earnings conference call
1100 **Atco Ltd**: Q2 earnings conference call
1100 **Definity Financial Corp**: Q2 earnings conference call
1100 **Imperial Oil Ltd**: Q2 earnings conference call
1130 **Ero Copper Corp**: Q2 earnings conference call
1130 **Sandstorm Gold Ltd**: Q2 earnings conference call
1230 **Telus Corp**: Q2 earnings conference call

EX-DIVIDENDS

MTY Food Group Inc: Amount C\$0.28

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

(Morning News Call - Canada edition will not be published on Monday, August 5, on account of the Civic Holiday)

PICTURE OF THE DAY



Lightning illuminates the sky above the Sacre Coeur basilica during the Paris 2024 Olympic Games, in Paris, France, August 1. REUTERS/Stefan Wermuth

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