

MORNING NEWS CALL

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Canada Edition

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TOP NEWS

• **US appeals court voids \$564 million verdict against Bank of Montreal in Ponzi case**

Bank of Montreal persuaded a U.S. appeals court on Thursday to throw out a \$564 million jury verdict against a subsidiary over its role in an approximately \$3.65 billion Ponzi scheme run by convicted Minnesota businessman Tom Petters.

• **Boeing's US factory workers strike, halting 737 MAX production**

Boeing's U.S. West Coast factory workers walked off the job after overwhelmingly rejecting a contract deal, halting production of the planemaker's strongest-selling jet as it wrestles with severe output delays and heavy debt.

• **TC Energy's Coastal GasLink pipeline fined again for environmental non-compliance**

TC Energy's Coastal GasLink pipeline in western Canada has been fined C\$590,000 for 10 environmental non-compliance penalties, the British Columbia government said on Thursday, taking its total penalties to nearly C\$1.4 million.

• **First Quantum expects feasibility studies for Peru mine by 2028, manager says**

Canadian miner First Quantum Minerals expects updated drilling results for its Peru copper project La Granja in the second half of next year, and feasibility studies by 2028, project development manager Steven Lewis said on Thursday.

• **India lawmaker, trade group seek suspension of Amazon, Flipkart operations after antitrust breaches**

A lawmaker of India's ruling party and a key retailers' group urged the government to suspend the operations of Amazon and Walmart's Flipkart in light of antitrust breaches.

BEFORE THE BELL

The **U.S. dollar** fell to its lowest this year against the **yen** and **gold** hit a record high after a dramatic overnight shift in investor expectations for a super-sized Federal Reserve interest rate cut next week. Traders' bets now indicate market pricing of a bumper rate cut have shot up, with chances of a 50-basis point cut standing at 41% compared with 14% seen on Thursday, according to CME's FedWatch Tool. **Oil** prices also rose and were on track for a weekly gain as producers assessed the impact of Hurricane Francine on output. Meanwhile, futures tied to **Canada's main stock index** rose, aided by higher commodity prices, while **U.S. stock index futures** were slightly higher as caution persisted regarding the size of the Fed's rate cut. Separately, **European shares** rose and were poised for weekly gains, supported by mining stocks. In Asian equity markets, Japan's **Nikkei** ended lower after a stronger yen weighed on export-oriented stocks, and **Chinese stocks** fell as investors squared their books for the Mid-Autumn Festival holidays.

STOCKS TO WATCH

• **Alimentation Couche-Tard Inc:** Japanese retail giant Seven & i Holdings has been classified as "core" to national security, according to an updated finance ministry list. The classification has raised questions as to whether it is a defensive manoeuvre by the owner of 7-Eleven convenience stores which last week rejected a \$38.5 billion buyout offer from Canada's Alimentation Couche-Tard. Couche-Tard is discussing whether to raise its offer price, according to a Bloomberg report. However, Seven & i's new status doesn't necessarily raise any additional hurdles to a potential Couche-Tard takeover. The classification does not change the level of government scrutiny or the review process for any bid to acquire an entire company, a ministry official said.

• **Bank of Montreal:** The lender persuaded a U.S. appeals court on Thursday to throw out a \$564 million jury verdict against a subsidiary over its role in an approximately \$3.65 billion Ponzi scheme run by convicted

Minnesota businessman Tom Petters. Citing a similar case involving Bernard Madoff, the 8th U.S. Circuit Court of Appeals said a court-appointed trustee for the now-bankrupt Petters Co could not recover on behalf of its creditors because that firm had helped orchestrate the fraud. The 3-0 decision by the St. Paul, Minnesota-based court overturned a November 2022 jury verdict, and directed that trustee Douglas Kelley's case against BMO be dismissed. BMO said it was pleased with the decision. It expects to reverse a C\$1.19 billion loss provision including interest for the case, resulting in a C\$875 million fourth-quarter after-tax benefit for its corporate services business.

- **First Quantum Minerals Ltd:** The miner expects updated drilling results for its Peru copper project La Granja in the second half of next year, and feasibility studies by 2028, project development manager Steven Lewis said on Thursday. "The drilling is progressing well, it's at 35%, and we expect to have the results in the second half of next year," Lewis said on the sidelines of a mining industry conference. About the feasibility studies slated for completion by 2028, he said: "We're working to meet this deadline." In addition to completing drilling and feasibility studies, First Quantum will also face challenges related to local communities, environmental permits and financing, Lewis said. "La Granja has the potential to be a larger project, but the ultimate focus will depend on several challenges," Lewis said in a presentation at the mining event.

- **TC Energy Co:** The firm's Coastal GasLink pipeline in western Canada has been fined C\$590,000 for 10 environmental non-compliance penalties, the British Columbia government said on Thursday, taking its total penalties to nearly C\$1.4 million. British Columbia's Environmental Assessment Office imposed the penalties because of concerns about deficient erosion and sediment control measures that were identified during inspections along the pipeline construction route in April and May 2023. "These latest financial penalties reflect the EAO's escalation of enforcement due to repeated non-compliance with EAO requirements," the regulator said in a news release. "As soon as these issues were identified, we took immediate and decisive action to correct them," Coastal GasLink said in a statement, adding it had been fully compliant with the EAO on erosion and sediment control since autumn 2023.

PREVIEW

Disney TV chief Walden steers company to historic Emmy gains

The Emmy Awards, the highest honors in television, had evolved into an annual battle for bragging rights between two prestige-TV powerhouses - HBO and Netflix. This year, Walt Disney is the company expected to land on top. Under the leadership of veteran television executive Dana Walden, Disney was propelled to front-runner status by three of the most-nominated series of the year, "Shogun," "The Bear" and "Only Murders in the Building."

ANALYSTS' RECOMMENDATION

- **Empire Company Ltd:** CIBC raises target price to C\$47 from C\$40, expressing optimism in the company's same-store sales growth and improvement in customer trends.
- **Transat at Inc:** CIBC cuts target price to C\$1.75 from C\$2.30, after the company reported weak third-quarter results reflecting elevated debt level and volatile earnings stream.

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

0830 **Capacity Utilization** for Q2: Prior 78.5%

0830 **Wholesale Trade MM** for July: Expected -1.1%; Prior -0.6%

EX-DIVIDENDS

Alimentation Couche-Tard Inc: Amount C\$0.175

Birchcliff Energy Ltd: Amount C\$0.1

Canadian Natural Resources Ltd: Amount C\$0.525

CCL Industries Inc: Amount C\$0.28

Cenovus Energy Inc: Amount C\$0.18

Definity Financial Corp: Amount C\$0.16

EQB Inc: Amount C\$0.47

Exchange Income Corp: Amount C\$0.22

George Weston Ltd: Amount C\$0.82

Intact Financial Corp: Amount C\$1.21

Jamieson Wellness Inc: Amount C\$0.21

Keyera Corp: Amount C\$0.52

Loblaw Companies Ltd: Amount C\$0.513
Pason Systems Inc: Amount C\$0.13
Peyto Exploration & Development Corp: Amount C\$0.11
Sienna Senior Living Inc: Amount C\$0.078
Teck Resources Ltd: Amount C\$0.125
Topaz Energy Corp: Amount C\$0.33
Tourmaline Oil Corp (Alberta): Amount C\$0.35
Veren Inc: Amount C\$0.115

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

PICTURE OF THE DAY



Canada's Prime Minister Justin Trudeau tours the Chinese Canadian Museum with Dr. Melissa Karmen Lee (CEO) and Grace Wong (Board Chair) in Vancouver, British Columbia, September 12. REUTERS/Jennifer Gauthier

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