

MORNING NEWS CALL

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Canada Edition

Wednesday, October 23, 2024



TOP NEWS

• Bank of Canada likely to reduce benchmark borrowing costs by 50 bps

The Bank of Canada is likely to cut its key policy rate by 50 basis points, as a slew of recent data on inflation, growth and unemployment calls for faster relief for consumers and businesses, economists said.

• Boeing CEO presses turnaround at embattled planemaker as contract vote looms

Boeing CEO Kelly Ortberg laid out a turnaround plan, including a push for a "fundamental culture change," as the struggling planemaker grapples with a crippling strike, mounting debt and heightened cash burn.

• Coca-Cola bets on rising soda demand to forecast revenue surge

Coca-Cola said it expects annual organic sales at high-end of its previous range after posting a surprise quarterly rise on growing demand for its sodas and juices in the U.S., India and South Korea.

• McDonald's shares slide as E. coli outbreak tied to Quarter Pounder kills 1 in US

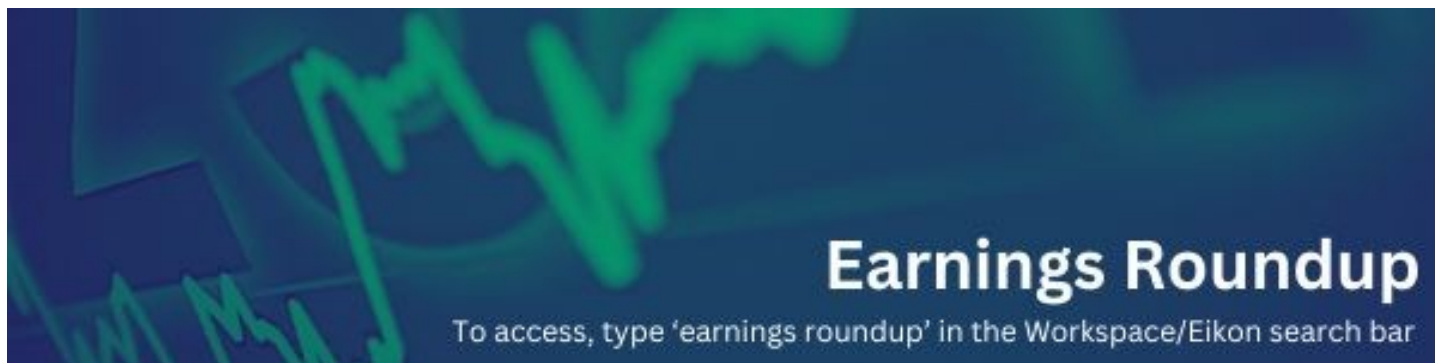
Shares of McDonald's fell in premarket trading after an E. coli outbreak linked to the restaurant chain's Quarter Pounder hamburgers resulted in the death of one person and sickened 49 people in the U.S.

• Starbucks suspends annual forecast as new CEO prepares turnaround plan

Starbucks Corp suspended its forecast through the next fiscal year as new CEO Brian Niccol looks to turn around the coffee giant struggling with falling demand for its pricey drinks.

BEFORE THE BELL

Futures tied to **Canada's main stock index** fell, hurt by **crude** prices, ahead of the likely outsized interest-rate cut by the Bank of Canada. **U.S. stock index futures** also slipped as doubts of a less dovish Federal Reserve lifted **Treasury yields**, while investors awaited another set of earnings to assess the state of the economy. **European shares** edged lower in choppy trading, dragged by miners, while weak earnings from heavyweights Deutsche Bank and L'Oreal pressured sentiment further. **China** and **Hong Kong stocks** rose modestly, buoyed by the promise of government help for the economy. Japan's **Nikkei** share average fell for a third straight session ahead of the country's lower house election. The **U.S. dollar** climbed above 152 **yen** for the first time since late July and kept the **euro** pinned at a two month low, as investors brace for a potential Trump election victory. **Gold** prices surged to a record high, as conflicts in the Middle East spurred demand for safe-haven assets. After the key policy rate decision, BoC governor Tiff Macklem will hold news conference.



ANALYSIS

Potash supply nears pre-war levels, pushing producers to cut output

Global potash supply is returning to levels seen before the invasion of Ukraine, as Russia and Belarus sidestep Western sanctions by increasing shipments to Asia and South America, pressuring producers to cut output and avoid oversupply.

ANALYSTS' RECOMMENDATION

• **Canadian National Railway Co:** ATB Capital Markets raises target price to C\$168 from C\$167, following the company's solid third-quarter earnings.

• **Topaz Energy Corp:** Canaccord Genuity raises target price to C\$31 from C\$29.50 after the company acquired additional assets from Tourmaline Oil Corp.

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

0945 **BoC rate decision** for Oct: Expected 3.75%, Prior 4.25%

COMPANIES REPORTING RESULTS

October 23:

Canadian Pacific Kansas City Ltd: Expected Q3 earnings of C\$1.01 per share

Celestica Inc: Expected Q3 earnings of 93 cents per share

Waste Connections Inc: Expected Q3 earnings of \$1.30 per share

West Fraser Timber Co Ltd: Expected Q3 loss of 58 cents per share

October 24:

Advantage Energy Ltd: Expected Q3 earnings of 5 Canadian cents per share

FirstService Corp: Expected Q3 earnings of \$1.42 per share

Mullen Group Ltd: Expected Q3 earnings of 36 Canadian cents per share

Rogers Communications Inc: Expected Q3 earnings of C\$1.36 per share

Teck Resources Ltd: Expected Q3 earnings of 45 Canadian cents per share

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

0900 **First Quantum Minerals Ltd:** Q3 earnings conference call

1100 **Whitecap Resources Inc:** Q3 earnings conference call

1630 **Canadian Pacific Kansas City Ltd:** Q3 earnings conference call

1700 **Celestica Inc:** Q3 earnings conference call

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

PICTURE OF THE DAY



A folk group from Monterrey, Mexico performs on the day of Pope Francis' weekly general audience in St. Peter's Square at the Vatican, October 23. REUTERS/Remo Casilli

(Compiled by Ankita Yadav and Ashitha Salus in Bengaluru)

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