

MORNING NEWS CALL

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Canada Edition

Friday, November 1, 2024



TOP NEWS

• Apple offers modest growth outlook after iPhone sales help beat profit expectations

Apple's AI-enhanced iPhone made a strong start, pushing quarterly sales ahead of Wall Street expectations, but a modest revenue forecast raised questions about whether that momentum will hold over the holiday sales season.

• Exxon's \$8.6 billion profit beats as volume offsets price weakness

Exxon Mobil beat Wall Street's third quarter profit estimate, boosted by strong oil output in its first full quarter that includes volumes from U.S. shale producer Pioneer Natural Resources.

• Chevron beats quarterly profit expectations on higher production

Chevron Corp beat Wall Street estimates for third-quarter profit, helped by higher oil and gas output, but overall earnings fell compared to the year-ago level.

• Air Canada raises core profit forecast on robust international demand

Air Canada raised its annual core profit forecast, as the country's largest carrier benefits from strong demand for international travel and lower jet fuel prices.

• Magna cuts annual profit forecast on expectations of lower vehicle production

Canadian auto parts supplier Magna International cut its annual sales and profit forecasts against the backdrop of the automobile industry grappling with weak demand.

BEFORE THE BELL

Futures tied to **Canada's main stock index** rose, aided by a jump in **crude** prices. **U.S. stock index futures** were up, buoyed by upbeat earnings from Amazon which offset a tech-led selloff in the previous session, as investors awaited crucial nonfarm payrolls data that could provide further clues about the Federal Reserve's interest rate outlook. **European shares** also climbed, after a rally in energy stocks, but remained on track for their worst week in nearly two months. Japan's **Nikkei** closed more than 2% lower, tracking Wall Street's weak finish overnight. Mainland **China stocks** also ended in red after two straight weeks of gains. In the currency market, the **U.S. dollar** steadied against its peers, while the **pound** came under pressure, but was stronger on both the **euro** and U.S. dollar, and the recently volatile Japanese **yen** weakened against the U.S. dollar. Meanwhile, **gold** prices rose marginally. Additionally, investors will parse data from S&P Global Canada Manufacturing Purchasing Managers' Index, due later in the day.

STOCKS TO WATCH

• **Air Canada:** Air Canada raised its annual core profit forecast, as the country's largest carrier benefits from strong demand for international travel and lower jet fuel prices. The company is increasing its daily flights to China, while also adding capacity to other Asia Pacific routes. The airline also announced the repurchase of up to 35.78 million shares, its

first buyback authorization since the pandemic. The company lowered its expectation for average price of jet fuel to C\$1 per litre for 2024, from the previous estimate of C\$1.03. The carrier now expects its 2024 adjusted earnings before interest, taxes, depreciation and amortization of about C\$3.5 billion, compared with its previous forecast of C\$3.1 billion to C\$3.4 billion. It reported a quarterly operating revenue of C\$6.12 billion in the three months ended Sept. 30, down 3.8% over the year earlier, but beat analysts' expectations of C\$6.06 billion.

• **Magna International Inc:** Canadian auto parts supplier Magna International cut its annual sales and profit forecasts on Friday against the backdrop of the automobile industry grappling with weak demand. Magna now expects annual total sales between \$42.2 billion and \$43.2 billion, compared with its prior forecast range of \$42.5 billion to \$44.1 billion. It forecast full-year adjusted profit of \$1.45 billion to \$1.55 billion, down from its previous expectation of \$1.5 billion to \$1.7 billion. On an adjusted basis, Magna earned \$1.28 per share in the third quarter, missing the average analyst estimate of \$1.40, according to data compiled by LSEG. The company reported sales of \$10.28 billion, below expectations of \$10.35 billion.

ANALYSIS

China's sanction-hit tech industry puzzles over impact of Trump, Harris presidencies

Donald Trump winning the U.S. presidency next week would muddle the outlook for Chinese technology firms far more than a win for Kamala Harris, with executives saying his unpredictable style could lead as much to a reprieve for the sanction-hit industry as increased restrictions.

ANALYSTS' RECOMMENDATION

• **IGM Financial Inc:** Jefferies raises target price to C\$45 from C\$39 after the firm pre-reported better-than-expected assets under management for the third-quarter.

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

0930 **S&P Global manufacturing PMI SA** for Oct: Prior 50.4

COMPANIES REPORTING RESULTS

November 1:

Air Canada: Expected Q3 earnings of C\$1.58 per share

Enbridge Inc: Expected Q3 earnings of 56 Canadian cents per share

Imperial Oil Ltd: Expected Q3 earnings of C\$2.04 per share

Magna International Inc: Expected Q3 earnings of \$1.40 per share

November 4:

Brookfield Asset Management Ltd: Expected Q3 earnings of 36 cents per share

Cargojet Inc: Expected Q3 earnings of C\$1.22 per share

Sun Life Financial Inc: Expected Q3 earnings of C\$1.69 per share

Toromont Industries Ltd: Expected Q3 earnings of C\$1.68 per share

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

0800 **Air Canada:** Q3 earnings conference call

0800 **Magna International Inc:** Q3 earnings conference call

0830 **Fairfax Financial Holdings Ltd:** Q3 earnings conference call

0900 **Centerra Gold Inc:** Q3 earnings conference call

0900 **Enbridge Inc:** Q3 earnings conference call

1100 **Baytex Energy Corp:** Q3 earnings conference call

1100 **Cogeco Communications Inc:** Q4 earnings conference call

1100 **Imperial Oil Ltd:** Q3 earnings conference call

1130 **Eldorado Gold Corp:** Q3 earnings conference call

EX-DIVIDENDS

Emera Inc: Amount C\$0.725

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

PICTURE OF THE DAY



A person wearing a costume takes part in the annual NYC Halloween Parade in New York City, U.S., October 31.
REUTERS/Jeenah Moon

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