CIBC PRIVATE WEALTH

INVESTMENT STRATEGY GROUP

MARKET BEAT

Thursday, February 15, 2024

Macro View

The **TSX** (+0.9%) and **Wall Street's main indexes** gained with economic data and precious metal prices. **West Texas Intermediate crude oil** (+0.3%) prices wavered on demand worries flagged by the International Energy Agency and a larger than expected jump in U.S. crude inventories. **Gold** (+0.5%) prices edged up on a lower dollar. North American bond yields pulled back with the **U.S. 10-year** at 4.21% and the **Canadian 10-year** at 3.52% The **Canadian dollar** (+0.3%) edged higher against the U.S. dollar.

U.S. Retail Sales dropped by 0.8% in January from December vs. the forecast for a 0.1% dip.

Canadian Markets

Manulife Financial (MFC, +6.8%) reported better-than-expected core EPS of $0.92, which benefitted from a non-recurring P&C insurance reserve release. Core earnings in Asia were up 13% Year-over-Year (Y/Y). MFC pushed back its contribution target of 50% of total earnings from the Asia segment to 2027 from 2025.

Canadian Tire (CTC.A, -5.8%) reported a miss on revenue and earnings. Same-store sales (SSS) declined more than anticipated at Canadian Tire Retail (CTR) and Mark's banners. The company noted that weakening consumer demand and unseasonably warm weather in December impacted sales.

SmartCentres REIT (SRU.UN, +1.2%) posted FFO per unit of $0.59, better than the consensus of $0.55. Same-property net operating income (SPNOI) grew 1.7% Y/Y in Q4. Occupancy increased 50 basis points (bps) Y/Y to 98.5%.

Great-West Lifeco (GWO, +1.6%) reported better-than-expected results. Base earnings in the U.S. and Canada were up 21% Y/Y and 16% Y/Y respectively, while Europe saw an earnings decline of 17% Y/Y, largely due to lower investment earnings.

Market indicators

Index	Level	Change	YTD	YTD (C$)
S&P/TSX	21,072	0.87%	0.5%	0.5%
S&P 500	5,007	0.13%	5.0%	7.4%
NASDAQ	15,825	-0.21%	5.4%	7.9%
Dow Jones*	386	0.46%	2.4%	4.8%
Nikkei 225	38,158	1.21%	14.0%	10.0%
Euro Stoxx 50	4,739	0.63%	4.8%	4.6%
FTSE EM*	41	0.54%	-0.6%	2.1%
FTSE Cdn Univ Bond**	27	0.29%	-2.6%	-2.6%
Bbg US Agg Bond**	98	0.38%	-1.7%	0.9%

Daily Canadian market movers

Ticker	Company	Change
MFC	Manulife Financial	6.75%
K	Kinross Gold	5.33%
CVE	Cenovus Energy	3.41%
ABX	Barrick Gold	2.31%
MG	Magna International	2.18%
SHOP	Shopify A	-0.24%
ATD	Alimentation Couche-Tard	-0.30%
CSU	Constellation Software CA	-0.52%
WCN	Waste Connections	-1.05%
CTC.A	Canadian Tire A	-5.75%

Daily U.S. market movers

Ticker	Company	Change
KHC	Kraft Heinz	2.52%
NEE	NextEra Energy	2.48%
GM	General Motors	2.45%
TSLA	Tesla	1.97%
SPG	Simon Property Group	1.92%
NVDA	NVIDIA	-1.34%
CSCO	Cisco Systems	-2.23%
GOOG	Alphabet C	-2.98%
GOOGL	Alphabet A	-3.13%
DE	Deere	-4.74%

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*Returns for the SPDR Dow Jones Industrial Average ETF Trust and Vanguard FTSE Emerging Markets ETF have been used to track the performance of the Dow Jones Industrial Average Index and FTSE Emerging Markets Index respectively.

**Returns for the iShares Core Canadian Universe Bond Index ETF and iShares Core U.S. Aggregate Bond ETF have been used to track the performance of the FTSE Canada Universe Bond Index and Bloomberg US Aggregate Bond Index respectively.

U.S. Markets

Cisco Systems (CSCO, -2.8%) announced FQ2/24 adjusted EPS and revenue ahead of the consensus. Better than expected revenue from the Service segment more than offset lower revenue from Product segment. For FY24, CSCO lowered its guidance for adjusted EPS and revenue, which also missed analyst estimates. Further, the company announced a restructuring plan that includes a 5% reduction in jobs.

Deere & Company (DE, -4.7%) reported FQ1/24 adjusted EPS and revenue above consensus. The revenue from the Construction & Forestry and Financial Services segments were better than consensus. However, revenue from the Agriculture and Turf segment missed estimates. The company lowered its FY24 net income guidance, missing the Street's estimate. The company expects fleet replenishment to moderate as agricultural fundamentals normalize from the prior year.

Applovin (APP, +24.1%) announced Q4/23 earnings and revenue above consensus due to a strong holiday season, mobile app advertising growth and a market shift to real-time bidding. The revenue from software platform was up 88% Y/Y. Revenue and adjusted EBITDA guidance for Q1/24 were also ahead of the consensus.

Benchmark bonds and rates

Bond	Yield	Mar-24E	Jun-24E
CA 2 Year	4.21%	4.25%	3.90%
CA 10 Year	3.52%	3.45%	3.30%
US 2 Year	4.53%	4.55%	4.35%
US 10 Year	4.21%	4.25%	4.15%
CA Prime	7.20%	-	-
CA Overnight Target	5.00%	5.00%	4.75%
Fed Funds Target	5.50%	5.38%	5.38%

Currencies and commodities

Currency/Commodity	Price	Change	YTD
US$/C$	0.739	0.001	-2.6%
US$/€	0.932	-0.001	2.9%
Gold	$1,990.30	-$2.60	-3.5%
Silver	$22.09	-$0.79	-7.2%
Copper per 100 lbs	$374.05	$4.05	-3.9%
Oil (WTI)	$77.11	$0.47	7.6%
Natural gas (NYMEX)	$1.63	$0.02	-30.2%

Earning releases

Company Name	Date	Estimate	Actual	Curr.
Laboratory Corp (LH)	02/15	$3.26	$3.30	USD
West Pharmaceutical (WST)	02/15	$1.78	$1.83	USD
Canadian Tire A (CTC.A)	02/15	$4.86	$3.38	CAD
Cenovus Energy (CVE)	02/15	$0.34	$0.39	CAD
Mullen Group (MTL)	02/15	$0.32	$0.32	CAD
Mty Food Group (MTY)	02/15	$0.94	$0.67	CAD
Zebra Technologies A (ZBRA)	02/15	$1.65	$1.71	USD
Deere (DE)	02/15	$5.26	$6.23	USD
Cbre Group A (CBRE)	02/15	$1.18	$1.38	USD
Genuine Parts (GPC)	02/15	$2.20	$2.26	USD

Economic calendar – Canada

Day	Release	Prior	Estimate	Actual
02/15	Housing Starts (JAN)	249.0K	230.0K	223.6K
02/15	Manufacturing Shipments M/M (DEC)	1.5%	-0.60%	-0.69%
02/20	CPI All Items (M/M) (JAN)	-0.31%	-	-
02/20	CPI All Items (Y/Y) (JAN)	3.4%	-	-
02/22	Retail Sales ex-Autos M/M (DEC)	0.79%	-0.30%	-

Economic calendar – U.S.

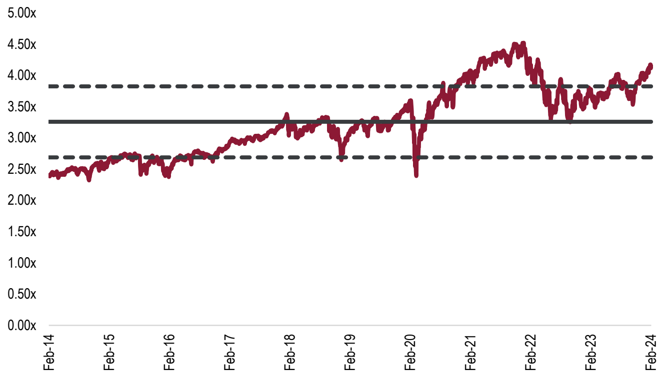
Day	Release	Prior	Estimate	Actual
02/15	Continuing Jobless Claims (02/03)	1,865K	1,885K	1,895K
02/15	Export Price Index M/M (JAN)	-0.70%	-0.20%	0.80%
02/15	Import Price Index M/M (JAN)	-0.70%	-0.05%	0.80%
02/15	Initial Claims (02/10)	220.0K	220.0K	212.0K
02/15	Empire State Index (FEB)	-43.7	-11.8	-2.4

Data for all the tables are sourced from FactSet except for Benchmark bonds and rates which are sourced from CIBC.

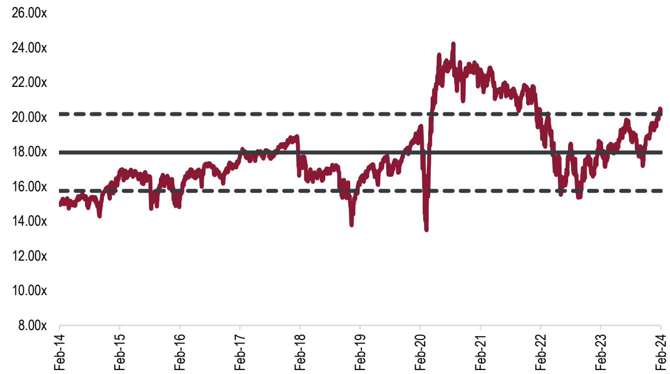
Market Valuation

S&P 500 Index

S&P 500 - P/B

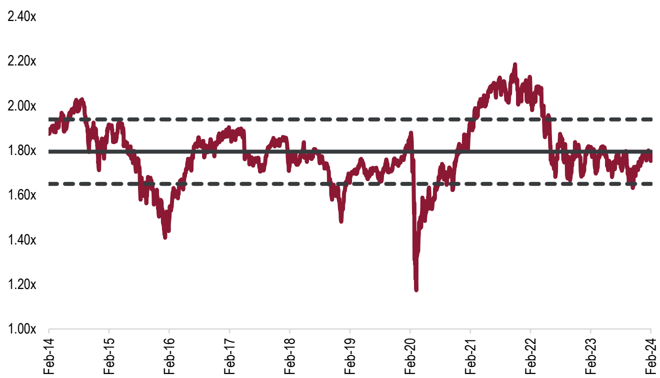


S&P 500 - Forward P/E



S&P/TSX Composite Index

S&P/TSX - P/B



S&P/TSX - Forward P/E

SOURCE: FactSet

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Stock prices as of 02/14/2024

Manulife Financial Corp. (2a, 2c, 2e, 2g, 7) (MFC-TSX, C$30.67)

Canadian Tire Corporation, Ltd. (2a, 2e, 2g, 13) (CTC.A-TSX, C$140.88)

Cenovus Energy Inc. (2g, 7) (CVE-TSX, C$21.97)

SmartCentres Real Estate Investment Trust (2a, 2e, 2g) (SRU.UN-TSX, C$24.15)

Great-West Lifeco Inc. (2g) (GWO-TSX, C$41.55)

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