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May 7, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX	LAST	CHANGE	
Dow Jones MINI futures	41,134.00	216.00	0.53%	CRUDE OIL WTI	\$59.21	\$0.12	
S&P500 MINI futures	5,649.75	24.00	0.43%	NATURAL GAS	\$3.60	\$0.13	
NASDAQ MINI futures	19,952.75	76.25	0.38%	GOLD	\$3,389.66	-\$39.66	
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER	\$4.63	-\$0.10	
S&P/TSX 60 futures	1,505.90	7.10	0.47%	CAD / USD	\$0.7244	-\$0.0013	
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR	€ 0.6375	-€ 0.0006	
STOXX EUROPE 600 INDEX	534.06	-2.29	-0.43%	USD / EUR	€ 0.8801	€ 0.0007	
FTSE 100 INDEX	8,550.82	-46.60	-0.54%	USD / JPY	¥143.33	¥0.92	
DAX GERMANY	23,167.96	-81.69	-0.35%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,639.48	-57.44	-0.75%	CANADA (YLD%)	2.53%	2.75%	3.13%
NIKKEI 225 INDEX	36,779.66	-51.03	-0.14%	U.S. (YLD%)	3.81%	3.91%	4.31%
HANG SENG INDEX	22,691.88	29.17	0.13%				
SHANGHAI COMPOSITE INDEX	3,342.67	26.55	0.80%	Source: LSEG			

Source: LSEG

## Morning News

U.S. stock index futures rose today as hopes of a de-escalation in trade tensions with China rose after Washington announced that representatives of the two countries would meet over the weekend in Switzerland to discuss trade. Mixed signals from the world's two biggest economies on the status of the negotiations left markets in a state of uncertainty, pushing many companies to shelve their forecasts. So far, President Donald Trump's administration has said potential deals with major trading partners are underway, but markets are yet to see tangible results on that front. Canadian Prime Minister Mark Carney visited the White House yesterday for his first talks with Donald Trump and bluntly told the U.S. president that Canada would never be for sale. Overall, Carney termed the meeting as constructive, and said the two sides would start serious talks on a new relationship he insists is needed in the wake of the tariffs. Carney's comments about a new economic relationship had cast into doubt the future of the U.S.-Mexico-Canada Agreement, which Trump signed during his first White House term but has distanced himself from. It is due to be reviewed in 2026. Carney steered clear of suggesting a major revamp, saying only that some things about the pact needed to be changed, while Trump described the agreement as "fine" and "great for all countries". The meeting never appeared at risk of degenerating into the acrimonious exchanges that marked the visit of Ukrainian President Volodymyr Zelenskiy in February. That encounter has served as a warning for other world leaders about the delicate dance they face in negotiating with Trump. The Canadian dollar rose to a near seven-month high against its U.S. counterpart as investors assessed Carney's visit. Today, investors will also focus on the Federal Reserve's decision on interest rates expected later in the day, it's widely expected to hold interest rates steady. Comments from policymakers will be scrutinized for clues on how they plan to approach monetary policy easing this year, amid Trump's repeated calls for lower interest rates and criticism of Fed Chair Jerome Powell, which had spooked investors in April. Federal Reserve officials say they want a clearer picture of the U.S. economy's direction before deciding their next interest rate move, but data since the central bank's last meeting have made the outlook arguably even more confusing as trade and other policies remain unsettled. Policymakers could cite a downturn in first-quarter gross domestic product and declines in business and consumer confidence to make a case that rate cuts may be needed sooner than later. Or they could cite still-strong employment data, healthy consumer spending and an anticipated tariff-driven jump in inflation as a reason to wait. Either choice is risky until President Donald Trump's policies become clearer, which makes it likely that the policy-setting Federal Open Market Committee will leave rates unchanged when it announces its latest policy decision at 2 p.m. EST, while continuing to acknowledge the limits of what it can say about the future. According to data compiled by LSEG, traders are now roughly pricing in a rate cut only by July.

## U.S Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
07:00	MBA Mortgage Applications	2 May, w/e		11.0%	-4.2%	
07:00	Mortgage Market Index	2 May, w/e		248.4	223.7	
07:00	MBA Purchase Index	2 May, w/e		162.8	146.6	
07:00	Mortgage Refinance Index	2 May, w/e		721.0	649.0	
07:00	MBA 30-Yr Mortgage Rate	2 May, w/e		6.84%	6.89%	
14:00	Fed Funds Tgt Rate	7 May	4.25-4.5		4.25-4.5	
14:00	Fed Int On Excess Reserves	7 May			4.40%	
15:00	Consumer Credit	Mar	9.50B		-0.81B	

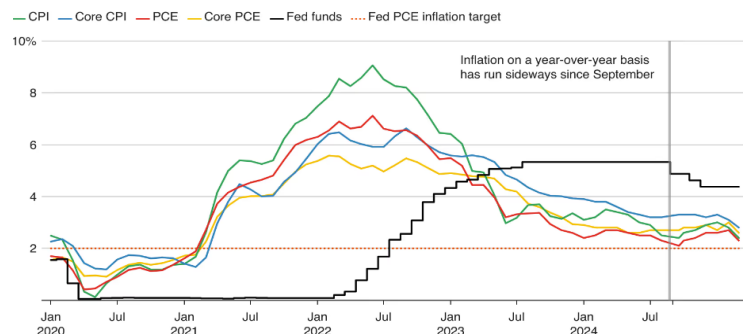
## Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
07:00	Leading Index MM	Apr		0.02%	0.07%	0.02%

## Chart of the day

### Rates and inflation

After raising interest rates by 5.25 percentage points and holding them there for 14 months, the Fed in September cut rates by half a percentage point to account for the drop in inflation, and by another quarter of a percentage point in November and December. It left them unchanged in both January and March.



Note: CPI = Consumer Price Index; PCE = Personal Consumption Expenditures Price Index; Core = excluding food and energy; Fed funds = Fed policy rate  
 \* Source: Federal Reserve (funds rate and target); Bureau of Labor Statistics (CPI); Bureau of Economic Analysis (PCE); inflation rates are annual

## Morning News

**Barrick Mining Corp.:** The company reported a first-quarter profit that beat analysts' estimates, driven by a surge in gold prices that helped offset lower production. The company's average realized gold price for the first quarter rose to US\$2,898 per ounce from US\$2,075 per ounce. Total gold production fell to 758,000 ounces from 940,000 ounces. Barrick's all-in sustaining costs for gold, an industry metric reflecting total expenses, rose 20.4% to US\$1,775 per ounce in the first quarter. On an adjusted basis, the company, previously known as Barrick Gold, earned 35 US cents per share in the quarter, compared with analysts' average expectation of 28 US cents per share.

**Canadian Utilities Ltd:** Canadian Utilities recorded first-quarter earnings attributable to equity owners of C\$236 million, or C\$0.80 a share, down from C\$242 million, or C\$0.82, a year earlier. The result included a C\$14 million restructuring charge during the recent quarter, as well as C\$7 million for the transition of the company's managed information technology services. Adjusted earnings came in at C\$0.85. That was above the C\$0.84 mean estimate of analysts polled by FactSet. The company is majority owned by Canadian energy, engineering and logistics holding company Atco, which reported adjusted earnings in the first quarter of C\$160 million, or C\$1.43 a share, up from C\$148 million, or C\$1.32, last year.

**Cenovus Energy Inc:** The oil and gas producer has reduced its employee headcount ahead of the release of its first-quarter earnings report this week. The Calgary-based company confirmed the job cuts in an email to Reuters Tuesday afternoon. Cenovus' profit has trailed analysts' estimates for much of the past 12 months. In the fourth quarter of 2024, the company saw a fall in profit in large part due to ongoing weakness in its U.S. refinery division. Cenovus is set to report its first-quarter 2025 earnings on Thursday.

**Enbridge Inc:** Infrastructure investment firm I Squared, midstream company MPLX, and pipeline operator Enbridge have entered an agreement to acquire up to 85% interest in the Matterhorn Express gas pipeline, the companies said on Tuesday. Infrastructure company WhiteWater, which counts I Squared as one of its partners, will own up to 65% interest in the pipeline, the companies said in a statement, adding that Canada-based Enbridge and MPLX will own another 10% each in the Matterhorn pipeline following a closing of the transaction.

**Fortis Inc:** Fortis earnings rose in the first quarter of the year, lifted by increased base rates across the Canadian company's utilities and with a tailwind from a higher exchange rate for the dollar against the Canadian currency. The company said on Wednesday that it recorded earnings attributable to shareholders of C\$499 million, or C\$1 a share, for the three months against C\$459 million, or C\$0.93 a share, a year earlier. The company's revenue for the quarter was up 7.1% to C\$3.34 billion, beating the C\$3.13 billion analysts polled by FactSet expected.

**Premium Brands Holdings Corp:** Premium Brands Holdings' first-quarter profit fell as the cost of new acquisitions weighed on profitability, but they boosted sales above expectations with the help of a strong U.S. segment performance. The company on Wednesday posted a lower net income of C\$2.6 million, or C\$0.06 a share, down from C\$6.3 million, or C\$0.14 a share, in the comparable quarter a year ago. Adjusted earnings were C\$0.68 a share. According to FactSet, analysts were expecting C\$0.67 a share. Revenue rose nearly 15% to C\$1.68 billion. Analysts were expecting a more modest uptick to C\$1.59 billion.

**Suncor Energy Inc:** Suncor reported first-quarter profit above analysts' expectations on Tuesday, as it benefited from greater refinery production and sales volumes. Suncor said its refined product sales rose to 604,900 barrels per day in the quarter compared to 581,000 bpd last year. Refinery utilization jumped to 104% from 98% a year ago. Suncor's upstream quarterly production rose to 853,200 bpd, but sales volumes dropped due to a build-up in inventory. The company reported an adjusted profit of C\$1.31 per share for the quarter, compared with analysts' average estimate of C\$1.21 per share.

**TransAlta Corp:** TransAlta on Wednesday said it recorded first-quarter earnings of C\$46 million, or C\$0.15 a share, against C\$222 million, or C\$0.72, a year earlier. Adjusted Ebitda fell to C\$270 million from C\$342 million in the prior year. TransAlta's production in the January-to-March period increased to 6,832 gigawatt hours from 6,178 the year before, but revenue for the period dropped 20% to C\$758 million. TransAlta said it remains confident in its ability to achieve its earlier guidance for the year, including targeting adjusted Ebitda of between C\$1.15 billion and C\$1.25 billion and free cash flow of C\$450 million to C\$550 million, given additional capacity and Heartland.

## NBF Research

### RATING AND TARGET PRICE CHANGES

Industrial Products - [AFN / CIGI wrap-up note post Q1/25 conference calls](#)

Alimentation Couche-Tard Inc. - [Q4 F2025 Preview: Trepid consumption coupled with...; Target: C\\$81 \(Was C\\$86\)](#)

BTB REIT - [A stable ops quarter, strategic goals maintained; Target: C\\$3.35 \(Was C\\$3.15\)](#)

CAE Inc. - [Q4 preview; Rating: Outperform \(Was Sector Perform\); Target: C\\$43 \(Was C\\$40\)](#)

CT REIT - [Stable performance amid an uncertain backdrop; Target: C\\$15.75 \(Was C\\$15.50\)](#)

Ero Copper Corp. - [Upgrading to OP \(Was SP\) as Tucumã Ramp-Up Supports FCF Inflection in H2; Target: C\\$23 \(Was C\\$21.50\)](#)

Intact Financial Corporation - [Commercial Lines Underwriting Drives Beat; Target: C\\$341 \(Was C\\$336\)](#)

Pet Valu Holdings Ltd. - [Q1 2025 Results: Largely in-line performance...; Target: C\\$33 \(Was C\\$30\)](#)

TVA Group Inc. - [Q1 Misses, Downgrade To UP \(Was SP\) Amid Pressures and Little Traction From... Target: C\\$0.25 \(Was C\\$1\)](#)

### DAILY BULLETIN HIGHLIGHTS

#### ALIMENTATION COUCHE-TARD INC. - Q4 F2025 Preview: Trepid consumption coupled with higher SG&A and D&A will weigh

ATD (TSX):	C\$70.78	Event: ATD is expected to report Q4/F25 results in June 2025.
Target:	C\$81.00 (Was C\$86.00)	<b>Key Takeaways:</b> (1) We project Q4/F25 EPS of \$0.45 vs. consensus at \$0.53; last year was \$0.48. (2) Our projection of 7% lower y/y EPS primarily reflects: (i) lower fuel volume, and negative merchandise sssg in the U.S., (ii) unfavourable F/X, lower merchandise margin and lower fuel margin in Canada, (iii) pressured fuel volume in Europe & Other, (iv) a higher tax rate, (v) higher SG&A expense, and (vi) higher D&A expense. These factors are expected to be partly offset by: (i) higher fuel margin in the U.S., (ii) positive merchandise sssg and same-store fuel volumes in Canada, (iii) higher merchandise sssg and higher fuel margin in Europe & Other, (iv) share repurchases over the last 12 months, and (v) lower interest expense. We model flattish merchandise margin in the U.S. and Europe & Other. (3) Maintain Outperform rating; price target is Cdn\$81 from Cdn\$86.
Stock Rating:	Outperform (Unchanged)	
Est. Total Return:	15.5%	

#### CAE INC. - Q4 preview - raised to Outperform

CAE (TSX; NYSE):	C\$34.64; US\$25.19	Event: We preview CAE's upcoming fiscal Q4 results and provide an end market update.
Target:	C\$43.00 (Was C\$40.00)	<b>Key Takeaways:</b> We are upgrading CAE shares to Outperform from Sector Perform previously and increasing our target to \$43.00 from \$40.00. We downgraded the stock in January as we viewed the relative valuation at that time as fair, and we saw some near-term headwinds for the Civil segment as well as growing uncertainty around tariffs. The stock has fallen slightly since our downgrade and some of our concerns have since been alleviated. We view CAE as relatively well positioned within our coverage universe to manage through the current macroeconomic and tariff uncertainty and now see the current share price as a more attractive entry point.
Stock Rating:	Outperform (Was Sector Perform)	
Est. Total Return:	24.1%	

## INTACT FINANCIAL CORPORATION - Commercial Lines Underwriting Drives Beat

IFC (TSX):	C\$309.25	Event: Operating EPS of \$4.01, a 13% beat vs. consensus of \$3.54(NBF \$3.63)
Target:	C\$341.00 (Was C\$336.00)	<b>Key Takeaways:</b> The EPS beat was primarily driven by strong underwriting, helped by modest upside surprises from investment and distribution income. Commercial Canada, and Commercial U.S. highlighted the quarter, each with solid beats on current-year loss ratio and combined ratio. Our price target goes to \$341 (was \$336) on an unchanged target valuation multiple of ~3.3x on our Q1-26 BVPS estimate (ex. AOCI) plus 1.0x AOCI.
Stock Rating:	Outperform (Unchanged)	
Est. Total Return:	12.0%	

### OTHER COMMENTS

Ballard Power Systems Inc. - [Managing through challenging markets](#)  
 Centerra Gold Inc. - [Kemess Narrative Sets Course for Production Growth](#)  
 Gibson Energy Inc. - [Going deep on Texas exports...](#)  
 MEG Energy Corp. - [Market Diversification Driving Stronger Netbacks](#)  
 RioCan Real Estate Investment Trust - [A paradoxical quarter, solid core ops juxtaposed against HBC and condo weakness](#)  
 Spartan Delta Corp. - [Solid Quarter; Duvernay Continues to Impress](#)  
 Thinkific Labs, Inc. - [Steady Progress; Compelling Valuation](#)  
[Weekly Sustainability and Transition Review; April 2025 Sustainability Flows: Tough Start to Q2/25...](#)

### RESEARCH FLASHES

Aura Minerals Inc. - [Q1/25 Financial Results – Tracking Well to Guidance and Announced US\\$0.40/sh Dividend](#)  
 Centerra Gold Inc. - [Q1/25 Posts CFPS Beat, Kemess PEA Targeted for -YE25](#)  
 Chorus Aviation Inc. - [Q1 2025 results – NBF first look](#)  
 Cineplex Inc. - [President Trump's Movie Tariff Idea Appears To Be One of Several Options Being Explored](#)  
 Colliers International Group Inc. - [Q1/25 results first look - good showing especially given current context](#)  
 Dexterra Group Inc. - [Q1/25 First Look: Adj. EBITDA ahead of expectations on strong Support Services margins, EPS ahead...](#)  
 Dundee Precious Metals Inc. - [Q1/25 Financials Mixed, Record NCIB Outflow Yet Cash Balance Keeps Marching Higher](#)  
 IAMGOLD Corporation - [Q1/25 Operating Results Slightly Weaker but Côté Gold Ramp-Up Remains on Track; Guidance...](#)  
 Kinross Gold Corp - [First Look: Q1 Beat Driven by Strong Operating Results; Guidance Maintained as Tasiast Mill Restarted](#)  
 Russel Metals Inc. - [Q1/25 results first look - stronger than expected print; backloaded quarter due to tariffs?](#)  
 Sandstorm Gold Ltd. - [First Look: Q1 Results in Line With Consensus; Guidance Unchanged](#)  
 Sienna Senior Living Inc. - [Q1 2025 first take: SIA announces another \\$85 mln in acquisitions while retirement SP beats our...](#)  
 SSR Mining Inc. - [Q1/25 Kicks off the Year with a Quality Financial Beat](#)  
 Suncor Energy Inc. - [Q1/25 First Look \(Outlook Impact: Neutral\)](#)  
 Triple Flag Precious Metals Corp. - [First Look: Q1 Financials Above NBF/Consensus; Guidance and Long-Term Outlook...](#)

### MORNING HIGHLIGHTS

#### OVINTIV INC. - Buyback Program Revs Back Up In Q2

OVV (NYSE; TSX):	US\$34.65; C\$47.70	<b>Event:</b> Tuesday after market, Ovintiv reported a slight beat versus CFPS consensus, but in line Q1/25 production results. A conference call is scheduled for Wednesday morning at 10 a.m. ET (Webcast Link).
Target:	US\$56.00 (Unchanged)	

<b>Stock Rating:</b>	<b>Outperform</b> (Unchanged)	<b>Key Takeaways:</b> Average production of 588 mboe/d (+1% Q/Q; +3% Y/Y) was in line with NBF and Street estimates of 590 mboe/d and 584 mboe/d, respectively. CFPS of \$3.86 (flat Q/Q; +1% Y/Y) was ahead of both NBF and Street estimates of \$3.72 and \$3.71, respectively. The delta versus our estimate was largely driven by lower-than-expected cash costs and better-than-expected liquids realizations. Total cash flow of ~\$1.0 billion in the quarter was used to fund \$617 million in capex and ~\$78 million in base dividends, resulting in RFCF of \$309 million (implying a POR of ~69%). We maintain our Outperform rating and target price of US\$56. More within.
<b>Est. Total Return:</b>	<b>65.1%</b>	

## SPIN MASTER CORP. - Where Goes Next The Tariff "Slinky"? Most Likely Backward and Down, Upgrade To Outperform

<b>TOY (TSX):</b>	<b>C\$22.50</b>	<b>Event:</b> Rating and Target Change.
<b>Target:</b>	<b>C\$29.00</b> (Was C\$26.00)	<b>Key Takeaways:</b> Besides news of TOY finding a new CFO (announced April 24, starting mid-May) after a process which began last summer, we also wanted to get through 1Q reporting to hear what TOY and its two key peers, Hasbro [HAS:NASDAQ, not rated] and Mattel [MAT:NASDAQ, not rated], had to say about U.S. tariffs and mitigating actions being pursued. On Tuesday, after China and the European Parliament agreed to lift restrictions on mutual exchanges between their legislative bodies, it was revealed that the United States and China would engage this weekend in Switzerland on trade & economic issues - a rather important first step toward diffusing the recent escalation in tensions. Perhaps no exemption for toys but China exposure reducing. Target's based on 2025E DCF (beta -10 bps to 1.25 on news flow and recent changes to 2025E), with EV/EBITDA 5.9x 2025E (5.0x on prior estimates before guidance pulled) & 5.0x 2026E (below 5.8x post-2021 forward average).
<b>Stock Rating:</b>	<b>Outperform</b> (Was Sector Perform)	
<b>Est. Total Return:</b>	<b>65.1%</b>	

## MORNING COMMENTS

Ovintiv Inc. - [Buyback Program Revs Back Up In Q2](#)

Spin Master Corp. - [Where Goes Next The Tariff "Slinky"? Most Likely Backward and Down, Upgrade To Outperform](#)

## MORNING FLASHES

ADENTRA Inc. - [Q1/25 First Look: Profitability beat, potential tariff exposure update, acknowledging current conditions...](#)

Artemis Gold Inc. - [Q1/25 Filed, Posts First Revenue from Blackwater Gold Sales](#)

Barrick Mining Corporation - [First Look: Strong Q1/25 Financials Beat as Production Ahead of Expectations for the Quarter](#)

Boardwalk REIT - [A cost-driven beat, FFO guide increased by the variance as renewal rent increases offset negative new...](#)

Fortis Inc. - [Q1/25 first look — slightly above expectations](#)

Montage Gold Corp. - [Strategic Partnership with Aurum Resources Strengthens Exposure to Boundiali Greenstone Belt](#)

Osisko Development Corp. - [Q1/25 Financials Filed, De-risking Continues Ahead of Financing](#)

Stella-Jones Inc. - [Q1/25 results first look - in-line Q; entrance into transmission space is more important](#)

TransAlta Corp. - [Q1/25 slightly below; holding 2025 guidance steady](#)



## Canadian stocks ratings and target changes across the street

Ag Growth International Inc AFN.TO: National Bank of Canada raises target price to C\$51 from C\$49  
 Ag Growth International Inc AFN.TO: TD Cowen raises target price to C\$48 from C\$46  
 Alimentation Couche-Tard Inc ATDb.TO: National Bank of Canada cuts target price to C\$81 from C\$86  
 CAE Inc CAE.TO: National Bank of Canada raises to outperform from sector perform; raises target price to C\$43 from C\$40  
 Brookfield Asset Management Ltd BAM.N: JP Morgan raises target price to US\$55 from US\$51  
 Brookfield Asset Management Ltd BAM.N: TD Cowen raises target price to US\$66 from US\$64  
 Colliers International Group Inc CIGI.O: Scotiabank cuts target price to US\$155 from US\$165  
 CT REIT CRT\_u.TO: National Bank of Canada raises target price to C\$15.75 from C\$15.50  
 Ero Copper Corp ERO.TO: National Bank of Canada raises target price to C\$23 from C\$21.50  
 Ero Copper Corp ERO.TO: TD Cowen raises target price to C\$22 from C\$20  
 First Quantum Minerals FM.TO: Barclays raises target price to C\$21.60 from C\$21.40  
 FirstService Corp FSV.O: TD Cowen raises target price to US\$200 from US\$198  
 GFL Environmental Inc GFL.N: UBS raises target price to US\$59 from US\$57  
 Intact Financial Corp IFC.TO: National Bank of Canada raises target price to C\$341 from C\$336  
 Intact Financial Corp IFC.TO: Raymond James raises target price to C\$330 from C\$302  
 Intact Financial Corp IFC.TO: TD Cowen raises target price to C\$349 from C\$328  
 Mainstreet Equity Corp MEQ.TO: ATB Capital Markets raises target price to C\$225 from C\$220  
 Pet Valu Holdings Ltd PET.TO: National Bank of Canada raises target price to C\$33 from C\$30  
 Pet Valu Holdings Ltd PET.TO: Raymond James raises target price to C\$36 from C\$34  
 Pet Value Holdings Ltd PET.TO: TD Cowen raises target price to C\$35 from C\$32  
 RioCan REIT REI\_u.TO: Canaccord Genuity cuts target price to C\$19 from C\$19.50  
 Sandstorm Gold Ltd SAND.N: Raymond James raises target price to US\$9.75 from US\$9.50  
 Slate Grocery REIT SGRu.TO: Raymond James raises target price to US\$11 from US\$10.50  
 Spin Master Corp TOY.TO: National Bank of Canada raises to outperform from sector perform; raises target to C\$29 from C\$26  
 Suncor Energy Inc SU.TO: TD Cowen raises target price to C\$62 from C\$63  
 Timbercreek Financial Corp TF.TO: TD Cowen raises target price to C\$7.50 from C\$7  
 TMX Group X.TO: Barclays raises target price to C\$56 from C\$55  
 Triple Flag Precious Metals Corp TFPM.TO: Raymond James raises target price to C\$34 from C\$33.50  
 TVA Group Inc TVAb.TO: National Bank of Canada cuts to underperform from sector perform; cuts target to C\$0.25 from C\$1  
 Wajax Corp WJX.TO: TD Cowen raises target price to C\$24 from C\$21

## S&P/TSX Composite Index Earnings Calendar

**Figure 1: S&P/TSX Composite Index Earnings Calendar**

Company	Symbol	Time	Consensus EPS Estimate
Atco Ltd	ACOX.TO	BMO	1.37
B2Gold Corp	BTO.TO	AMC	0.16
Barrick Gold Corp	ABX.TO	BMO	0.28
Calibre Mining Corp	CXB.TO	AMC	0.07
Canadian Utilities Ltd	CU.TO	BMO	0.84
Crombie REIT	CRR_u.TO	AMC	0.31
Equinox Gold Corp	EQX.A	AMC	0.15
First Majestic Silver Corp	AG.TO	AMC	0.20
Fortis Inc	FTS.TO	BMO	0.98
Fortuna Mining Corp	FVI.TO	AMC	0.40

goeasy Ltd	GSY.TO	AMC	4.28
Granite REIT	GRT_u.TO	AMC	1.41
Great-West Lifeco Inc	GWO.TO	AMC	1.16
Headwater Exploration Inc	HWX.TO	NTS	0.36
iA Financial Corporation Inc	IAG.TO	AMC	2.89
Killam Apartment REIT	KMP_u.TO	AMC	0.27
Kinaxis Inc	KXS.TO	AMC	0.78
Labrador Iron Ore Royalty Corp	LIF.TO	AMC	
Linamar Corp	LNR.TO	AMC	2.44
Lundin Mining Corp	LUN.TO	AMC	0.32
Manulife Financial Corp	MFC.TO	AMC	0.99
Nutrien Ltd	NTR.TO	AMC	0.31
OceanaGold Corp	OGC.TO	AMC	0.22
Osisko Gold Royalties Ltd	OR.TO	AMC	0.16
Pan American Silver Corp	PAAS.TO	AMC	0.53
Premium Brands Holdings Corp	PBH.TO	BMO	0.69
SmartCentres REIT	SRU_u.TO	AMC	
Stella-Jones Inc	SJ.TO	BMO	1.16
Torex Gold Resources Inc	TXG.TO	AMC	-0.11
Tourmaline Oil Corp	TOU.TO	AMC	2.70
TransAlta Corp	TA.TO	BMO	0.12
Vermilion Energy Inc	VET.TO	AMC	1.64
WSP Global Inc	WSP.TO	AMC	1.72

Source: LSEG

## Morning News

**Advanced Micro Devices Inc:** AMD on Tuesday forecast a \$1.5 billion hit to revenue this year due to new U.S. curbs on chips, which require the company to obtain a license to ship advanced artificial-intelligence processors to China. But it issued a second-quarter revenue forecast that topped Wall Street estimates, which analysts attributed to customers buying more chips ahead of tariffs. The company expects revenue of about \$7.4 billion for the second quarter, plus or minus \$300 million, compared with analysts' average estimate of \$7.25 billion..

**Assurant Inc:** The insurer reported a 38% slump in first-quarter profit on Tuesday, hurt by lower investment returns and higher expenses. Assurant's net investment income fell to \$124.8 million in the quarter ended March 31, compared to \$126.7 million in the same period a year earlier. The company's underwriting, selling, general and administrative expenses rose to \$2.08 billion in the reported quarter compared with \$1.93 billion from a year ago quarter. Assurant's net income fell to \$146.6 million, or \$2.83 per share, in the three months ended March 31, from \$236.4 million, or \$4.47 per share, a year earlier.

**Bunge Global SA:** The company beat Wall Street expectations for first-quarter profit on Wednesday as the grain trader and processor benefited from higher processing margins and tariff uncertainty-fueled demand for its products. "We benefited in the first quarter from tariff-related timing shifts in demand and farmer activity and remain confident in our ability to continue to execute despite the current market environment," CEO Greg Heckman said.

**Corpay Inc:** The business payments firm reported a 7% increase in its first-quarter adjusted profit on Tuesday, driven by growth in its corporate payments segments. The company's corporate payments business, which automates and manages vendor payments, saw its revenue reach \$352.7 million, a 33% increase from the previous year, driven by higher client spending volumes across all regions.

**Coty Inc:** The CoverGirl-parent cut fiscal 2025 profit forecast on Tuesday and postponed its investor day by at least a few months due to macroeconomic and tariff uncertainty, sending its shares down. Coty said its expanded cost-savings program announced in April and the pricing power of its brands should help it offset the impact from tariffs. Coty expects 2025 per-share profit to be between 49 and 50 cents, compared with its prior forecast of 50 to 52 cents. The company expects fourth-quarter like-for-like sales to decline in high single-digit percentage range, with annual sales expected to fall about 2%.

**Devon Energy Corp:** The company missed Wall Street estimates for first-quarter profit on Tuesday, as lower oil prices offset higher production. Devon said realized price, including cash settlements for oil during the quarter was down 8% year-over-year at \$69.15 per barrel. The company also raised its current-year oil production forecast by 1% to between 382,000 and 388,000 barrels per day. The U.S. oil and gas producer reported an adjusted profit of \$1.21 per share for the quarter ended March 31, compared with analysts' average estimate of \$1.25.

**Electronic Arts Inc:** The company forecast fiscal 2026 bookings above Wall Street expectations on Tuesday, as the videogame publisher bets on the strong performance of its sports titles and the launch of a new "Battlefield" game. EA forecast fiscal 2026 bookings to be in the range of \$7.60 billion to \$8 billion, compared with estimates of \$7.62 billion. It reported fourth-quarter bookings of \$1.80 billion, beating estimates of \$1.56 billion, aided by strong sales of its multiplayer action-adventure game "Split Fiction" which became one of the best-selling games in March.

**Gen Digital Inc:** The company which offers antivirus software such as Avast, Avira and Norton, forecast annual revenue and profit above analysts' estimate on Tuesday, signaling strong demand for its cybersecurity tools, sending its shares up after the bell. The company forecasts full-year 2026 revenue to be between \$4.70 billion and \$4.80 billion, compared with analysts' average estimate of \$4.13 billion.

**International Flavors & Fragrances Inc:** The company beat Wall Street expectations for first-quarter profit on Tuesday, benefiting from prior price increases as well as sustained demand for its fragrance and wellness solutions. International Flavors & Fragrances posted an adjusted profit of \$1.20 per share for the first quarter, compared with analysts' average estimate of \$1.14 per share.

**Lucid Group Inc:** The car maker stuck to its 2025 production forecast on Tuesday despite the threat of tariffs forcing many automakers to pull back targets, while the luxury electric-vehicle maker reported first-quarter revenue below analysts' expectations. Lucid lowered the prices of its vehicles and offered incentives, including cheaper financing, to entice customers to its Air sedans that start at about \$70,000 in the U.S. The company said it would produce nearly 20,000 vehicles this year, while Wall Street expects it to manufacture 18,370, according to an average of five analysts by Visible Alpha.

**Mosaic Co:** The fertilizer producer beat Wall Street expectations for first-quarter profit on Tuesday, driven by strength in its



**South America business.** It now forecasts potash production to range between 9 million tonnes and 9.4 million tonnes in 2025, compared to its previous projection of 8.7 million tonnes to 9.1 million tonnes. In 2024, Brazil represented almost 40% of Mosaic's total revenue.

**Novo Nordisk A/S:** The drugmaker expects a recovery of Wegovy weight-loss drug sales in the United States once a ban on compound copycats is enforced this month, its CEO said, boosting the shares. Novo Nordisk said first-quarter sales of Wegovy were 17.36 billion \$2.64 billion, declining 13% from the previous quarter, and below the 18.7 billion crowns expected by analysts. The company cut its 2025 sales and profit forecasts for the first time since the launch of Wegovy four years ago, due to the effect of compounding eating into market share. It now expects 2025 sales growth in local currencies of between 13% and 21%, compared to the 16%-24% range given at the beginning of the year.

**Rivian Automotive Inc:** The company lowered its deliveries forecast for 2025 on Tuesday as U.S. tariffs on imported vehicles and auto parts threaten to unsettle the economy and hurt demand for its electric SUVs and pickup trucks. The company said it now expects to hand over between 40,000 and 46,000 units this year, down from its earlier projection of between 46,000 and 51,000 vehicles.

**Super Micro Computer Inc:** The AI server maker forecast fourth-quarter revenue below Wall Street estimates on Tuesday and said economic uncertainty and tariffs might pressure near-term performance, sending its shares down in extended trading. The company, which has been one of the biggest beneficiaries of the surge in spending on advanced data center infrastructure to support generative AI workloads, had faced months of accounting-related issues, fanning worries of a potential Nasdaq delisting. Super Micro forecast quarterly revenue of \$5.6 billion to \$6.4 billion, compared with analysts' estimate of \$6.82 billion. For fiscal 2025, the company forecast revenue of \$21.8 billion to \$22.6 billion, down from its previous projection of \$23.5 billion to \$25.0 billion.

- **Uber Technologies Inc:** The company forecast second-quarter adjusted core profit and gross bookings largely above Wall Street expectations, indicating resilient demand for its ride-hailing and food delivery services. The company expects gross bookings to be between \$45.75 billion and \$47.25 billion for the current quarter. This compared with Wall Street expectations of \$45.83 billion. Total revenue rose 14% to \$11.53 billion in the first quarter, slightly below analysts' expectations of \$11.62 billion. Delivery business revenue jumped about 18%, in line with Street expectations, while it rose 15% in the ride-hailing unit. Sales in its freight division slipped about 2%.

- **Walt Disney Co:** The company's quarterly results topped Wall Street expectations as visitors to its U.S. theme parks increased spending in the first three months of the year and the company saw an unexpected rise in Disney+ streaming customers. The company posted adjusted earnings per share of \$1.45 for January through March, ahead of the \$1.20 consensus forecast of analysts polled. Revenue rose 7% from a year earlier to \$23.6 billion. Analysts had expected \$23.14 billion. Operating income came in at \$4.4 billion. Disney forecast adjusted earnings per share of \$5.75 for fiscal 2025, an increase of 16% from the prior fiscal year. The company reiterated guidance for 6% to 8% operating income growth in the parks-led Experiences division during the fiscal year, and for double-digit percentage operating income growth during that time in the entertainment unit. The entertainment unit reported total operating income of \$1.3 billion, a 61% increase from the prior year.

**Wynn Resorts Ltd:** The company posted first-quarter results that missed Wall Street estimates on Tuesday, owing to sluggish business across its luxury resorts. The company reported a revenue fall of 8.7% at its Macau-based Wynn Palace and a 19.9% fall in revenue at Wynn Macau. Revenues from both its Las Vegas operations and Encore Boston Harbor were down 1.8% and 3.9%, respectively. Wynn Resorts reported total operating revenue of \$1.70 billion, below analysts' average estimate of \$1.74 billion. The casino operator reported an adjusted profit of \$1.07 per share for the quarter ended March 31, which also came below Wall Street expectations of \$1.19 per share.

## Evercore ISI Research

### FOCUS RESEARCH

**CVS Health Corp. (CVS) (Outperform, TP: US\$85.00).**

#### *Notes from the Road - NYC Elevator Edition*

Yesterday we had the pleasure of hosting CVS in New York, spending the day with Prem Shah, EVP and Group President, CVS Health, as well as Larry McGrath, EVP, Chief Strategy Officer, and Tom Kozlowski, Executive Director IR. While many of the investor questions were on the Novo partnership and PCW, there were many other highlights of the day, including DC policy,

CostVantage, MA, and the longer-term strategic vision. Despite the stock's YTD move, on the back of yesterday's meetings we remain encouraged about the longer-term EPS power of the business and reiterate our Outperform rating on shares.

#### Key Takeaways

- Last week's decision to prefer Wegovy on the national formulary is a typical way a PBM exerts competitive pressure to reduce costs and improve access to weight loss GLP-1s. Financial implications include not losing money on GLP-1 dispensing, increased access at a lower cost, and potential share gains (through NovoCare)
- Tariffs are fluid
  - o Front end: diversified suppliers (including many in the US) and more ability to pass along pricing to consumers
  - o Generics: ~9% of drug spend, and ultimate impact will depend on exact rules and geographies of Key Starting Materials, APIs, and finished products as well as some timing benefit from current contract lengths; Red Oak based in the US
  - o Branded: Large majority of costs, depends on transfer pricing rules (pharma cos have different exposures), CostVantage helps offset as pharma-passed-on-tariffs would be included in CVS's acquisition costs
  - o HCB: impact likely driven by timing aspect of increased hospital supply costs
- Arkansas PBM-Pharmacy law: called not good policy as it raises costs and reduces access to 300K PBM customers and 10K specialty customers in AR. CVS's reimbursement to independent pharmacies is 60%+ higher vs CVS's own pharmacies
- HCB
  - Group MA, multi-year contracts so can't reprice as quickly; saw trend acceleration vs. expectations, but not large enough to cause a problem with overall MA or HCB (and '25 should be OM bottom)
  - Medicaid, expect improvement throughout the year as rates become more in line with acuity
  - ACA exit: PDR is the variable losses...

## TARGET PRICE CHANGE

### Marriott International, Inc. (MAR) (Outperform, TP: US\$320.0)

#### 1Q25 Review: International and Luxury Resilience

Summary: During 1Q25, Marriott adj. EBITDA increased 7% y/y to \$1.2b (+2% vs. our prior), adj. EPS increased +9% y/y to \$2.32 (+3% vs. our prior) on systemwide RevPAR growth of +4% y/y. Total rooms increased 5% y/y (-50 b.p. vs. our prior), leading to fee revenue growth of 5%. O&L EBITDA of \$65m was modestly ahead. Marriott lowered FY25 y/y RevPAR outlook - 50 b.p. vs. prior due to softer demand in the US (specific downshift at select-service hotels and government bookings). However, fee growth of +5%, EBITDA growth of +8% y/y were largely unchanged, as international RevPAR remains strong (accounts for 2/3rd of incentive management fees), expected incremental fees from recent acquisition, and lesser FX headwind. Marriott notes that after an initial one-time "shock" that coincided with government layoffs and tariff announcements, demand stabilized and improved sequentially (adjusted for Easter shift) into April.

- Updated FY guide: Marriott expects FY RevPAR growth of 1.5-3.5% (from 2-4%), net rooms growth to "approach 5% y/y" (from prior 4.5-5.5%) due to recent Citizen M acquisition. Slight tweaks to fee revenue (up 4-6% y/y, -\$5m vs. prior guide), and adj. EBITDA (up 6-9%, -\$10m vs. prior guide). EPS of \$9.82-10.19 unchanged. Investment spending increased \$355m from prior due to acquisition, capital return of ~\$4b unchanged. Guide assumes steady demand patterns for the rest of the year.
- Group demand segment expected to lead (pacing +6% y/y, unchanged from prior quarter). For the year, business transient could be +LSD y/y, leisure flat to +LSD y/y. International RevPAR expected to outpace US for the year. Company has not seen an uptick in group attrition/ cancellation.

- 1Q segmentation: US/Canada RevPAR increased 3% y/y (ADR +3%, occupancy +40 b.p.). Within the US/Canada, luxury increased 6% vs. select-service +1%. International RevPAR increased 6% y/y. Within International, Europe RevPAR +6% y/y, China -2%, APAC ex China +11%, CALA +7%, and MEA +5%.

- Balance sheet/ capital returns: In the quarter, Marriott repurchased 2.8m shares for \$800m. As of 1Q, net debt stood at \$14.5b (\$15b debt/ \$523m cash), from last quarter's \$14.1b (\$14.5b debt/ \$396m cash).

## COMPANY UPDATE

### Rivian Automotive, Inc. (RIVN) (Outperform; TP:\$18.0)

#### Q1 Flash: Rocky 2025 Tariff Guide Down (Volume Down; Capex Up) overshadows Strong Q1

PM Summary - RIVN will remain in no man's land, without a near-term catalyst, after a very mixed set of results. Q1 underlying core Auto GM (core Auto of -9% vs headline +17%) was encouraging. FY Volume guide-down was tough (after a very weak Q1 8.6k signalled volume weakness). RIVN remains a very strategically attractive TECH EV company...however, it will not have enough volume to scale OPEX for MANY years (EBITDA ++ '28?). We now wait for the R2 '26...and don't want to think where we would be without the VW Investment... Q1 Big Upside - GP \$206MM or 17% mgn was ~\$250MM better vs EvrISI/cons \$50-70MM on Q1 Rev \$1.2Bn (upside vs ~\$1.0Bn est.) on ZEV/VW upside of ~\$0.2Bn. RIVN's 3-Part Gross Margin Calc - a reminder that RIVN's new GM is now quite complicated as it is essentially consists of 3 very different drivers: 1) Core Auto (still negative but improving), 2) ZEV reg Credits (100% margin; like TSLA) & 3) Software & Services (which is both VW IP at 100% mgn as well as ~\$500MM/yr of low margin remarketing; all-in, will be ~30% GM). Analyzing Q1's \$206MM (17% GM) in 3-Parts = 1) Core Auto -\$65MM (-9% Auto GM; up QoQ from Q4's core -15% Auto mgn), 2) \$157MM ZEV (100% mgn) & 3) Software & Services GP of \$114MM (36% mgn Q1 on higher VW IP Payments). VW Milestone - next \$1Bn unlocked from positive GP achieved Q1 ("for 2nd GP + in row" was clause). '25 Guide - BIG FY delivery guide-down of 5-6k deliveries to 40-46k (previously 46-51k) to reflect "management's current view on evolving trade regulation, policies, tariffs, and the overall impact these items may have on consumer sentiment & demand." FY Capex raised \$0.2Bn to \$1.8-1.9Bn (previous \$1.6-1.7Bn) due to tariff, while mgmt. reaffirmed Adj-EBITDA guide of (\$1.7-1.9Bn). Cash - \$7.2Bn after Q1 burn of \$526MM. \$8.5Bn Liquidity. RIVN is likely to burn \$3Bn '25 (\$2.5Bn more rest of yr) & \$2-3Bn '26 but will receive \$3.5Bn in additional VW funds with milestones/time. RIVN also has a \$6.6Bn DOE loan. The Call - 1) Tariff "few \$k/car" impact this year, 2) Demand view is "unclear" & 3) Excitement about Rivian Autonomy Platform (although details scarce - "L3" ("in some ODDs") still on track '26) 4) Autonomy & AI Day in the Fall (interesting).

## OTHER COMMENTS

**Revolve Group, Inc. (RVLV)** A Very Tough Combination of Trends

**BellRing Brands, Inc. (BRBR)** Inventory noise; Trimming EBITDA and target; Outperform

**WK Kellogg Co (KLG)** Watching productivity benefits and protein-centric marketing; In Line

**Cytokinetics, Inc. (CYTK)** 1Q Wrap - Risky bet didn't pay off, but 3-month delay unlikely to impact ultimate opportunity

**IQVIA Holdings Inc (IQV)** Notes from the Top - 'Ar[ w]i' through this yet? A Structural Winner Manages through Tough Times

**Fortune Brands Innovations, Inc. (FBIN)** 1Q25 Review

**Astera Labs, Inc (ALAB)** 1Q25 Beat/Raise. Portfolio Broadening, Scorpio Ramping 2Q

**Arista Networks, Inc. (ANET)** Positioned For a Guidance Raise in H2. MAINTAIN TOP PICK

**Datadog Inc (DDOG)** Solid Start To FY25 But Macro & Margins Likely Keep Shares In N/T Trading Range; Bump PT to \$132

**Coty Inc (COTY)** Protecting the P&L. Retail inventory clean-up to hurt 4Q

**The Progressive Corporation (PGR)** 1Q25 Call Takeaways

**Align Technology, Inc (ALGN)** Notes from the Road - New LT Rev Guide Driven by Volume Growth (Untapped TAM)

**Advanced Micro Devices, Inc (AMD)** AMD 1Q25 Flash: 1Q/2Q Revenue Beat/Raise by 440bps/260bp

**Yelp, Inc. (YELP)** Conservative In San Francisco? Q1 Previ

**International Business Machines Corporation (IBM)** Live From IBM Think - "FIVE" KEY POINTS.

**DoorDash, Inc (DASH)** Still DASHing! No Change To Growth Outlook, Despite Investments

Ferrari N.V. (RACE) Core Power: All the Right Gears for a Tough Macro

## S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
APA Corp (US)	APA.OQ	AMC	0.83
Atmos Energy Corp	ATO.N	AMC	2.86
Axon Enterprise Inc	AXON.OQ	AMC	1.27
Bio-Techne Corp	TECH.OQ	BMO	0.51
Bunge Global SA	BG.N	BMO	1.30
CDW Corp	CDW.OQ	BMO	1.96
Cencora Inc	COR.N	BMO	4.11
CF Industries Holdings Inc	CF.N	AMC	1.50
Charles River Laboratories International Inc	CRL.N	BMO	2.08
Corteva Inc	CTVA.N	AMC	0.88
Dayforce Inc	DAY.N	BMO	0.55
DoorDash Inc	DASH.OQ	AMC	0.39
Emerson Electric Co	EMR.N	BMO	1.41
Fortinet Inc	FTNT.OQ	AMC	0.53
Johnson Controls International PLC	JCI.N	BMO	0.79
Marketaxess Holdings Inc	MKTX.OQ	BMO	1.81
NiSource Inc	NI.N	BMO	0.90
Occidental Petroleum Corp	OXY.N	AMC	0.77
Paycom Software Inc	PAYC.N	AMC	2.56
Rockwell Automation Inc	ROK.N	BMO	2.09
Skyworks Solutions Inc	SWKS.OQ	AMC	1.20
Texas Pacific Land Corp	TPL.N	AMC	
Trimble Inc	TRMB.OQ	BMO	0.59
Uber Technologies Inc	UBER.N	BMO	0.50
Verisk Analytics Inc	VRSK.OQ	BMO	1.68
Vistra Corp	VST.N	BMO	0.70
Walt Disney Co	DIS.N	BMO	1.20

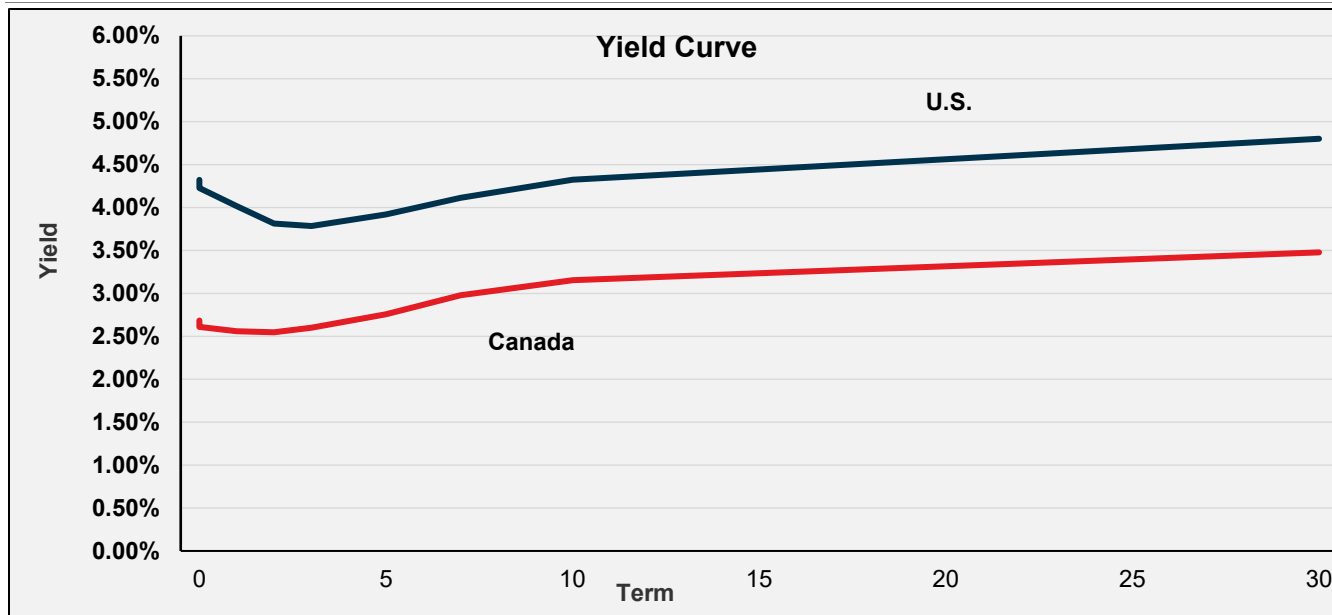
Source: LSEG

**Figure 1:** Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	2.76%	0.9
CDA Prime	4.95%	0.0	CDA 10 year	3.15%	0.2
CDA 3 month T-Bill	2.64%	0.0	CDA 20 year	3.41%	-0.2
CDA 6 month T-Bill	2.61%	0.0	CDA 30 year	3.48%	0.3
CDA 1 Year	2.56%	1.0			
CDA 2 year	2.54%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.92%	2.1
US Prime	7.50%	0.0	US 10 year	4.32%	0.6
US 3 month T-Bill	4.22%	0.2	US 30 year	4.80%	-1.2
US 6 month T-Bill	4.23%	0.5	5YR Sovereign CDS	57.00	
US 1 Year	4.02%	1.8	10YR Sovereign CDS	59.95	
US 2 year	3.81%	2.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			627.08	0.03%	-1.31%
BMO Laddered Preferred Shares (ETF)			10.79	0.23%	-1.46%

Source: LSEG

**Figure 2:** Yield Curve (Canada & U.S.)



Source: LSEG



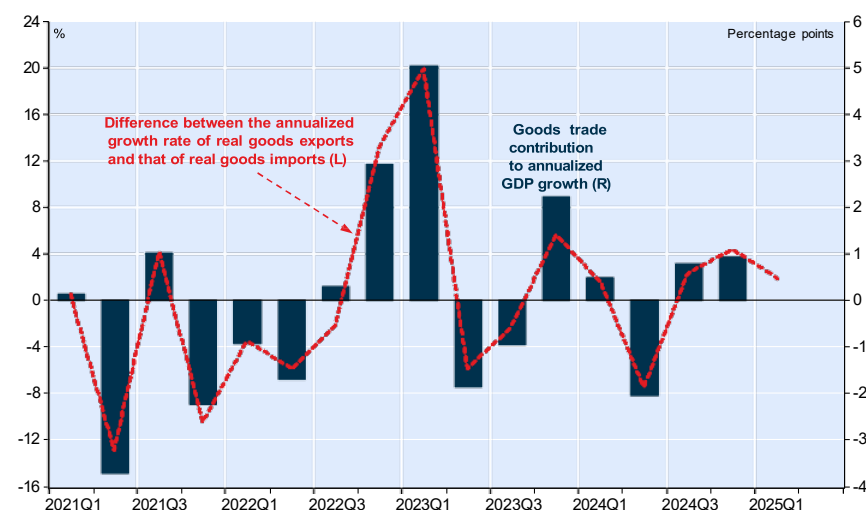
## Canada: The imposition of tariffs disrupted trade flows in March

Canada's goods trade deficit narrowed more than expected in March as exports fell less than imports. With Washington imposing tariffs on a number of Canadian goods during the month, it was perhaps unsurprising that our exports to the United States fell by 6.6%, the largest drop since the pandemic, with consumer goods playing a leading role in this decline. However, this retreat was almost entirely offset by a 24.8% increase in exports to the rest of the world, the second largest expansion in data going back to 1997. A similar, albeit less pronounced, situation was observed on the import side, as Canada imposed retaliatory measures on its southern neighbour. Imports from the United States indeed fell by 2.9%, while those from other countries rose by 1.0%. The trade war was not solely responsible for the narrowing of the trade deficit in March; wild swings in the energy products category were also partly to blame. Imports in this segment fell by no less than 18.8%, the biggest drop since the pandemic, while exports fell by only 2.2%.

Looking at trade volumes on a quarterly basis, international merchandise trade is expected to make a positive contribution to GDP growth in the first quarter of 2025, with exports (+13.7% annualized) growing faster than imports (+11.8%).

**Figure 1: Canada: Merchandise trade contributed positively to Q1 GDP growth**

Real exports/imports of goods vs. goods trade contribution to GDP



Source: NBC Economics & Strategy (data via Statistics Canada)

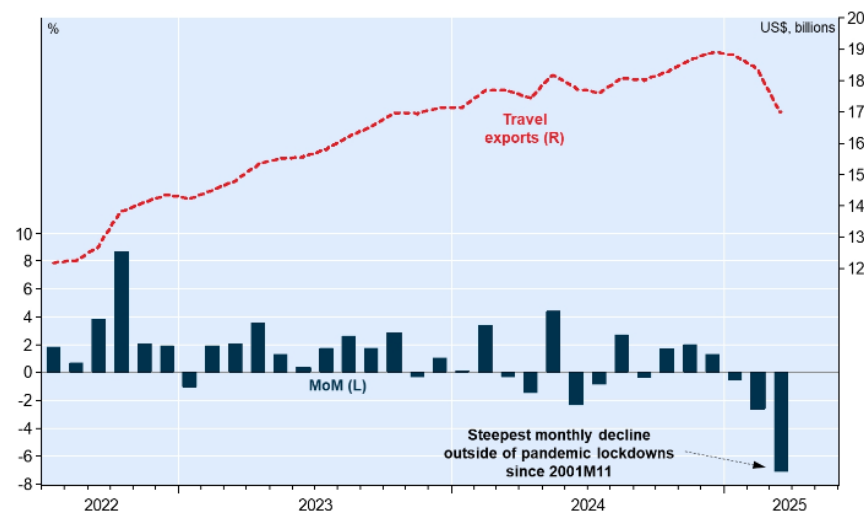
[Click here for full comments](#)

## U.S.: Travelers are shunning the United States

The March international trade data released this morning in the United States certainly attracted attention, if only because the deficit reached a record high of \$140.5 billion in the month. The deterioration was driven by a sharp rise in goods imports (+5.4%), which was linked to businesses bringing forward orders to avoid the imposition of tariffs. But another element of the report caught our attention: the sharp decline in travel services exports, which include accommodations, meals, and travel agency and education fees paid by foreign visitors to the United States. As today's Hot Chart shows, these fell by no less than 7.1% over the month, the worst decline in nearly a quarter of a century, with the exception of the months of pandemic lockdown. Over the last three months, the decline has been a whopping 10%. These figures confirm what airline ticket sales data had already suggested in recent weeks, namely that some travelers are now shunning the United States. We expect this new reality to have a negative impact on production and employment in tourism-related sectors, as well as on the financial results of companies that depend on foreign visitors.

**Figure 2: U.S.: Travelers are shunning the United States**

Exports of travel services including education from the United States



Source: NBC Economics & Strategy (data via Bloomberg)

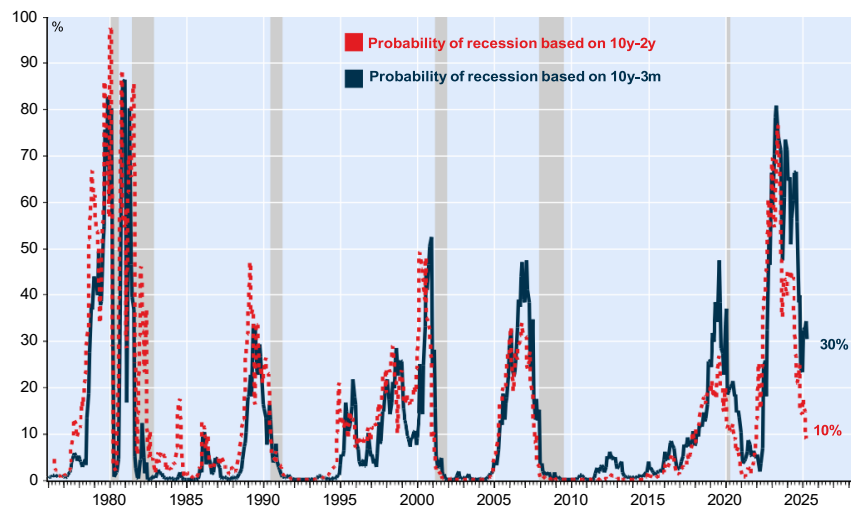
[Click here for full comments](#)

## Monthly U.S. Recession Dashboard - As of May 5, 2025

Given the uncertain U.S. economic outlook, we provide on a monthly basis our tracking table for recession indicators. The table below shows the current reading and recent momentum of several indicators compared to the ones observed three months before the eight previous recessions. Red indicates that the current reading is worse than any historical episodes while green is better. Both yellow and orange are in the historical range, the former indicating a better situation compared to the median while the latter shows the opposite. We also provide an update of the likelihood of a recession based on the slope of the yield curve, as well as the most recent probability of recession over the next four quarters according to the survey of professional forecasters.

**Figure 3: U.S.: Perspective on probability of recession in twelve months**

Likelihood of a recession based on the slope of the yield curve (1976-2025)



Source: NBC Economics and Strategy (data via Refinitiv)

[Click here for full comments](#)

## Evercore ISI - Equity and Derivatives Strategy

### Conclaves Spotlight the Uncertainties: Earnings EDGE Daily - May 7, 2025

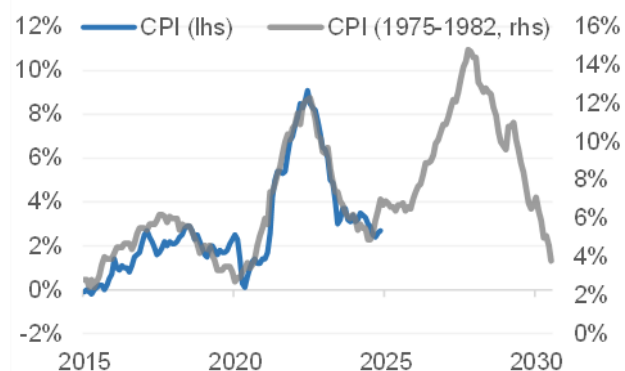
**Key Point:** While the Conclave to select the Pope begins today, there are other Conclaves reinforcing the sense of Uncertainty as Trump recasts the post-WWII economic and geopolitical order. Merz became the first German Chancellor to require two ballots; the DAX oscillated wildly yet finished near all time highs, +25.7% from the trough. Treasury's Bessent was grilled as the Debt Limit is on the "Warning Track"; Trump met Canada's Carney, reiterating that "Canada is not for sale." The FOMC Conclave ends today with Powell's presser, reminding that it is too early to consider cutting rates with further Tariff-driven inflation potentially ahead, lest the mid 1970's "Burns Blunder" be repeated. Uncertainty remains a near term headwind for stocks and a tailwind for Gold; we close our GLD collar, put on 4/21 near the "blowoff" \$3,500/oz. which, given the global Uncertainty, looks to be merely a correction in an ongoing uptrend.

**In the Spotlight:** MAR (O/p, Pfennigwerth) revised its outlook lower, citing softening demand trends and limited visibility. Meanwhile, SEAT (Not Rated) suspended its guidance altogether amid heightened macroeconomic uncertainty and growing concerns around consumer health. On the Tech front, despite raising guidance and describing AI demand as a "ravenous whirlwind," PLTR (Not Rated) fell sharply as strong results failed to satisfy lofty expectations.

**On Deck:** 26 S&P 500 companies (2.0% mkt. cap) report today, among them UBER (O/p, Mahaney) and DIS (O/p, Maral). UBER is expected to deliver a beat and bracket print, supported by positive industry insights, stable demand trends, and corroborating signals.

**Season Stats:** 405 S&P 500 companies have reported. Reported Sales growth has been +4.3% and Earnings +13.5% - surprising by +0.9% and +8.4% - putting overall Sales growth on pace for +4.9% and Earnings for +13.6%. Extrapolating EVR ISI expected +1.3% surprises to the balance of companies reporting suggests Earnings +13.8%. The avg. stock price fell -0.1% post-results. Companies beating on both the top and bottom line are higher by +0.9% on avg. vs. +0.9% 5Yr avg., and "Double Misses" are lower -2.2% vs. -3.1% avg.

**Figure 4: Powell, Mindful That Tariff Driven Inflation Opens the Door to the mid-1970's "Burns Blunder", Will Remain Non-Committal About the Next Cut**



Source: Bloomberg, Evercore ISI Research

## Evercore ISI - Fixed Income Strategy

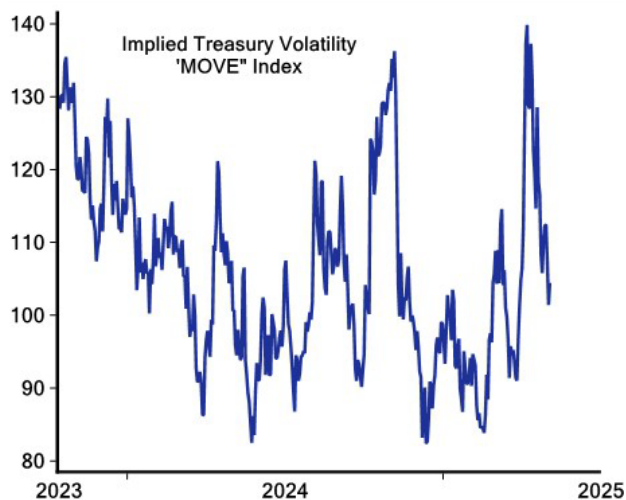
### Morning Note

The economic calendar is quiet today and this week. The key data this week is initial unemployment claims. We estimate it will remain high after jumping last week. Is this another case of N.Y. bus drivers? The FOMC is meeting today. Next week, the economic calendar is jammed with inflation (CPI) and retail sales key.

## Capital Markets

Treasury yields (except for the 30-year) are up modestly overnight. The 10-year Treasury yield is at 4.319%, while the 2-year yield is at 3.813%. Global developed sovereign yields are generally lower. Bitcoin, oil, and the dollar are higher, while gold is lower. India launched several attacks against Pakistan last night over the issues concerning Kashmir. Pakistan said they will retaliate over the attacks. German economy minister said they must negotiate trade deals. U.S. and China move towards such a deal, though such a deal is distant.

**Figure 5: Implied Treasury volatility is down sharply from the Feb peak, but it is still elevated**



Source: Bloomberg, Evercore ISI Research

## March's Trade Gap Even Wider Than Expected

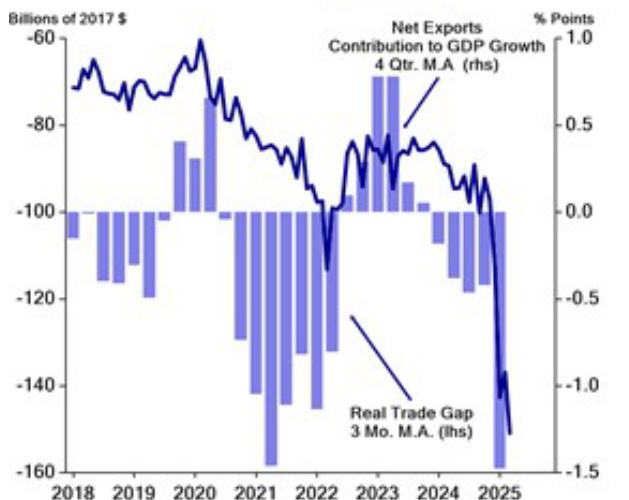
### Key Points

- Trade balance widened more than expected in March to **-\$140.5 billion** from **-\$123.2 billion** in Feb. Exports and imports of goods both climbed higher. The real trade gap widened sharply too in Sep.
- Today's reports should weigh down for the 10-year Treasury yield down modestly. Of course, the election results could be more influential. The dollar should stay at the bottom of its trading range against the euro and yen.

**March's trade gap widened more than expected to **-\$140.5 billion** from **-\$123.2 billion** in Aug.** Adjusting for import/export prices, the "real" trade gap widened sharply too. The trade gap with China widened modestly. Twenty percent of our trade gap is with China. The value of exports and imports both rose in March.

Going forward, we estimate payroll employment rose +125K in May as the influence of tariffs weighs down growth. The unemployment rate is probably unchanged at 4.2%. Average hourly earnings probably advanced +0.3%.

**Figure 6: A wider trade gap will likely offset solid consumer spending and weigh down 2Q real GDP.**



Source: Evercore ISI, Census, BEA

## Evercore ISI - Global Policy | Political Analysis

### First U.S.-China Talks May Lead to a Reduction of 145% Tariffs, But Tough Negotiations Ahead For Any Real Deal

Treasury Secretary Bessent and USTR Greer will meet with Chinese counterparts in Switzerland on May 8, marking the first confirmed U.S.-China trade talks of Trump 2.0. The announcement is consistent with signals of thawing tensions in recent days as the economic pressure of sky-high 145% tariffs has begun to mount. Assuming the meeting goes relatively smoothly, we believe this will represent enough progress to give Trump a pretense to begin withdrawing some tariffs, though tariffs will still remain historically high and months of difficult negotiations still lie ahead.

We expect the tariff on China to move back closer to the liberation day 54% announcement (20% fentanyl + 34% reciprocal), though these will remain additive to the pre-existing 301, leading to substantially higher tariffs in some areas. Trump could also potentially return to the list-based approach of his first term, exempting a large tranche of consumer goods from China tariffs entirely.

The news of U.S-China talks will undoubtedly be received positively by markets -- and even more so if it is followed by tariff relief as we expect. But a general 54% tariff on China remains highly disruptive, and we are still a long way from an agreement that would put the U.S.-China relationship on a more solid and constructive trajectory. The announcement also came the same day Trump said during an Oval Office presser that he has not met with Chinese officials and admitted that "you cannot trade with 145%." We expect Trump to become directly involved in trade talks at a later stage but will watch for changes in his rhetoric or recognition of lower trade flows in the meantime.

Over the coming months, we can expect difficult talks covering a range of issues, with the U.S. pressing China on the non-market practices and industrial subsidies that have contributed global overcapacity in key sectors, as well as longstanding issues around intellectual property protection that led to tariffs in Trump's first term. The U.S. will also raise China's lack of follow through on the Phase I Agreement from Trump 1.0, namely the purchase commitments that Trump touted. Trump is also continuing to look for a solution on TikTok.



## **Sizing Up the Latest Frontiers in the Trump 2.0 Trade Wars: Chinese Transshipment, Currency, and Services**

More than a month has passed since the April 2 “Liberation Day,” and investors are still eagerly awaiting clarity on the path forward. We continue to believe that some further relief is coming - including a step-down on China tariffs; highly vague “agreements of understanding” with selected trading partners that create space for a more extended reprieve from reciprocal tariffs; and further willingness to provide targeted relief in selected sectors, as we saw with auto parts. However, even these steps would leave tariffs at multi-decade highs, along with considerable uncertainty.

The ongoing negotiations raise a host of complex issues, but in recent days market participants have had their attention to called to three in particular: (1) “transshipment” of Chinese products via third countries to avoid high tariffs; (2) the possibility that currency may factor into trade deals; and (3) the role of services trade, where - in contrast to merchandise trade - the U.S. runs a trade surplus.

Below we offer thoughts on each of these issues to help investors contextualize some of the recent market chatter.

Of these three issues, we see the Chinese transshipment issue as the most pressing for the Administration to address given the extreme tariff differential (145% on China vs. 10% most of ROW). While Southeast Asian countries can likely be persuaded to crack down on the most extreme abuses, the issue of transshipment points to a host of complex questions around China in the global economy that will loom over trade negotiations for months if not years to come.

When it comes to currency, the recent sharp appreciations in several Asian currencies (most notably Taiwan) have fueled speculation that currency will be central to eventual trade deals. This market speculation - along with trading partners’ reluctance to risk upsetting Trump by intervening to stem appreciation - may be enough to engineer the type of adjustment the Administration is seeking. However, we think the text of any eventual trade deals will include few specifics on currency.

## First Edition Calls

### This Week on TEAMS:

**MONDAY:** Daniel Straus, NBCFM ETF Research and Analysis Director - [8:30 am English call](#) / [9h00 appel français](#)

**TUESDAY:** Kyle Dahms, NBC Economist - [8:30 am English call](#) / [9h00 appel français](#)

**WEDNESDAY:** Dennis Mark, NBCFM Technical Analyst - [8:30 am English call](#) / [9h00 appel français](#)

**THURSDAY:** TBA - [8:30 am English call](#) / [9h00 appel français](#)

**FRIDAY:** TBA - [8:30 am English call](#) / [9h00 appel français](#)

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