

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX		LAST	CHANGE
Dow Jones MINI futures	33,849.00	-184.00	-0.54%	CRUDE OIL WTI		\$77.96	-\$1.20
S&P500 MINI futures	4,146.50	-32.00	-0.77%	NATURAL GAS		\$2.24	\$0.02
NASDAQ MINI futures	13,053.50	-129.50	-0.98%	GOLD		\$2,007.40	\$14.14
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER		\$4.01	-\$0.01
S&P/TSX 60 futures	1,243.80	-6.00	-0.48%	CAD / USD		\$0.7420	-\$0.0008
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR		€ 0.6765	-€ 0.0015
DJ EURO STOXX 50	4,368.41	-25.16	-0.57%	USD / EUR		€ 0.9117	-€ 0.0010
FTSE 100 INDEX	7,883.33	-15.44	-0.20%	USD / JPY		¥134.21	-¥0.48
DAX GERMANY	15,742.70	-152.50	-0.96%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,510.58	-38.86	-0.51%	CANADA (YLD%)	3.84%	3.18%	3.00%
NIKKEI 225 INDEX	28,657.57	50.81	0.18%	U.S. (YLD%)	4.16%	3.62%	3.54%
HANG SENG INDEX	20,396.97	29.21	0.14%	Source: Refinitiv			
SHANGHAI COMPOSITE INDEX	3,367.03	-3.10	-0.09%				

### Morning News

Futures point to a lower open as mixed corporate earnings and as investors review the latest assessment on the U.S. economy for clues on the path for interest rates. Investors are reassessing the outlook for U.S. interest rates after data pointed to a slowing U.S. economy that was not weak enough to push the Federal Reserve to start cutting rates as early as this year. The Federal Reserve's monthly Beige Book survey released on Wednesday showed the U.S. economy "stalled," with narrower access to credit. Federal Reserve Bank of New York President John Williams said the recent trend of slowing inflation continues but that price gains remain too high. Trader bets continue to lean toward a rate hike next month. Investors are also focused on whether Congress will raise the nation's debt ceiling, with some analysts concerned that the Treasury could run out of money faster than previously expected due to weak tax receipts. Oil prices fell to their lowest in about three weeks on Thursday, depressed by a firmer dollar and rate hike expectations which outweighed lower U.S. crude stocks.

European shares fell on Thursday as sticky inflation spurred concerns of more rate hikes by the European Central Bank, while investors looked ahead to more corporate earnings. Autos led declines in the Stoxx Europe 600 index as Renault SA fell the most in almost five months, with concerns over pricing pressure outweighing the French carmaker's first-quarter sales beat. ECB board member Isabel Schnabel said on Wednesday that underlying inflation in the euro zone is "sticky" and all prices apart from energy were showing "high momentum". Market bets for higher rates were boosted after data showed consumer prices in Britain fell less than expected in March. Euro zone government bond yields slipped slightly on Thursday after hitting their highest levels in a month the previous day.

Chinese stocks fell on Thursday, although information technology shares shot up, as uneven economic recovery after this year's re-opening from stringent COVID curbs muted market sentiment. Banks in China kept loan prime rates unchanged after the People's Bank of China stayed put. Japan's export growth slowed in March, dragged down by a drop in China-bound shipments of cars and steel in a slide that underscores concern about slackening global demand amid higher interest rates and Western banking-sector jitters. Import growth outpaced exports in March, due to the hefty cost of coal, crude and oil products, helping bring the annual trade deficit in the world's third-biggest economy to a record 21.7 trillion yen (\$161 billion). It exceeded the previous record of 13.7 trillion yen in fiscal 2013. Taiwan Semiconductor Manufacturing Co. forecast worse-than-anticipated revenue for the current quarter, reflecting a persistent slump in demand for everything from smartphones to server chips. Apple Inc.'s most important chipmaker warned that demand from the mobile and PC industries would remain "soft" for now.

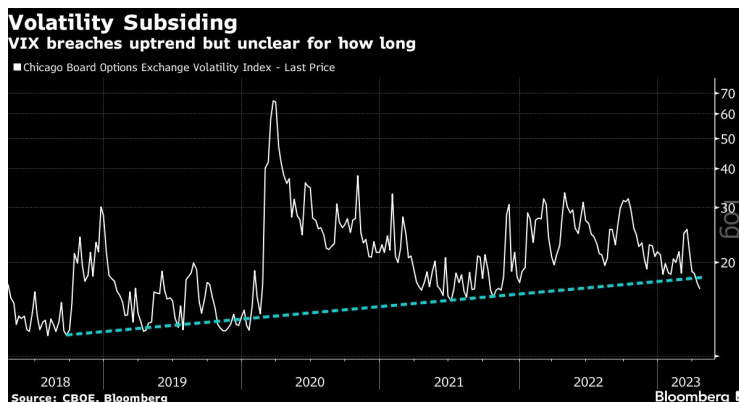
### U.S Economic Calendar

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
08:30	Initial Jobless Clm	15 Apr, w/e	240k	245k	5.0k	239k	240k
08:30	Jobless Clm 4Wk Avg	15 Apr, w/e		239.75k		240.00k	240.25k
08:30	Cont Jobless Clm	8 Apr, w/e	1.820M	1.865M	0.0450M	1.810M	1.804M
08:30	Philly Fed Business Indx	Apr	-19.2			-23.2	
10:00	Existing Home Sales	Mar	4.50M			4.58M	
10:00	Exist. Home Sales % Chg	Mar				14.5%	
10:00	Leading Index Chg MM	Mar	-0.6%			-0.3%	

### Canadian Economic Calendar

No Economic Release

### Chart of the day



### Morning news

**Teck Resources Ltd:** Sumitomo Metal Mining said it supports Teck's plan to create two separate companies, as the Vancouver-based miner fends off an unsolicited takeover bid from mining giant Glencore. Sumitomo is a shareholder in Teck, which operates under a dual-class structure and needs approval from two-thirds of shareholders on both sides for the restructuring. Canada's Keevil family owns the majority of 'A' class of shares, which have more voting power than the numerous 'B' class shares held by institutions. The statement of support from the Japanese company comes ahead of an April 26 shareholder vote on Teck's plan to spin off its metallurgical coal business and focus on copper and zinc.

### NBF Research

#### DAILY BULLETIN HIGHLIGHTS

**ANDLAUER HEALTHCARE GROUP INC.:** Looking For Organic Growth and Updates on Acquisitive Outlook; Supportive Macro Updates

<b>AND (TSX)</b>	<b>C\$50.80</b>	<b>Event:</b> Andlauer reports Q1/23 on May 3, after market close, with a conference call on May 4 at 8:30 a.m. ET (1-888-664-6383).  <b>Key Takeaways:</b> We estimate net revenues of \$156.7 mln (vs. \$148.6 mln in Q1/22), Adj. EBITDA of \$41.5 mln (vs. \$39.4 mln in Q1/22) and Adj. EPS of \$0.41 (vs. \$0.39 in Q1/22) with (pre-elimination) contributions of 1) ~5% (\$8.0 mln) organic (excl. fuel surcharges and Covid-related); and 2) a \$6.5 mln from the acquisition of LSU (of which \$4.3 mln incremental). Our forecasts do not specifically include a contribution from fuel passthrough charges, which could add ~\$6 mln to the top line (per est.). While we will look for several updates, notably the M&A outlook, we also highlight a couple of new recent macro developments that should, over time, increase the relevance of pharma supply chain services in North America. Maintain Outperform rating and \$60.00 target.
<b>Target:</b>	<b>C\$60.00</b>	
	(Unchanged)	
<b>Stock Rating:</b>	<b>Outperform</b>	
	(Unchanged)	
<b>Est. Total Return:</b>	<b>18.7%</b>	

**JAMIESON WELLNESS INC.:** Looking for Progress With youtheory's Innovation and China Initiatives

<b>JWEL (TSX)</b>	<b>C\$32.69</b>	<b>Event:</b> JWEL reports Q1/2023 on May 4, after market close, with a conference call to follow at 5:00 pm ET (1-855-327-6837).  <b>Key Takeaways:</b> We est. revenues of \$124.6 mln, (+20% y/y overall and +5% organic) Adj. EBITDA of \$21.9 mln (+5% y/y) and Adj. EPS of \$0.16 (vs. \$0.26 in Q4/22). Our forecasts are in line with guidance and include higher (vs. historical) investments in marketing, resources and infrastructure to support growth in U.S. and China - these investments, alongside higher DepAm and interest, account for the expected y/y variance. Our most pressing questions will be on progress updates with 1) getting youtheory's innovations on the shelf; and 2) China initiatives. Additionally, we will also look for management insights on recent proposals by the Government of Canada to update some safety regulations on natural products - on first sight and given JWEL's extensive safety/quality controls, we do not expect any impact. Maintain Outperform rating and \$44.00 target.
<b>Target:</b>	<b>C\$44.00</b>	
	(Unchanged)	
<b>Stock Rating:</b>	<b>Outperform</b>	
	(Unchanged)	
<b>Est. Total Return:</b>	<b>36.7%</b>	

**METRO INC.:** Q2 F2023 Results: Delivering consistent growth against a complicated backdrop

<b>MRU (TSX)</b>	<b>C\$75.56</b>	<b>Event:</b> Metro reported Q2/F23 adjusted EPS of \$0.96 versus NBF at \$0.95 and consensus at \$0.94; last year was \$0.84.  <b>Key Takeaways:</b> (1) We consider results to be good given a beat across most key metrics. (2) Metro's Food business delivered: market share gains, flat to slightly positive tonnage (notwithstanding real sssg of -3.2%), positive traffic and negative basket growth. (3) The gross margin rate was flat in food (aided by productivity initiatives) and pharmacy. (4) Our estimates are largely unchanged. (5) We
<b>Target:</b>	<b>C\$81.00</b>	
	(Unchanged)	
<b>Stock Rating:</b>	<b>Sector Perform</b>	

# Top News

## Canadian Stocks

<b>Est. Total Return:</b>	(Unchanged) <b>8.8%</b>	believe that Metro is a solid company which has delivered superior long-term returns supported by strong execution and capital allocation; however, these attributes are adequately reflected in valuation. (6) Maintain Sector Perform rating; Price target is \$81.
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### OTHER COMMENTS

**Andlauer Healthcare Group Inc.** - Looking For Organic Growth and Updates on Acquisitive Outlook; Supportive Macro...

**Cargojet Inc.** - Maintain Sector Perform ahead of Q1/23 results

**Jamieson Wellness Inc.** - Looking for Progress With youthery's Innovation and China Initiatives

**Metro Inc.** - Q2 F2023 Results: Delivering consistent growth against a complicated backdrop

### RESEARCH FLASHES

**ESG** - Alberta Emissions Reduction and Energy Development; Decoupling Economic Growth from Emissions Growth

**Altius Minerals Corporation** - Altius Reports Q1 Attributable Royalty Revenue Below NBF Estimates

**Aya Gold & Silver Inc.** - Boumadine Extended, Record Intercept Width from New Mineralized Style

**Imperial Oil Limited** - Investor Day (Outlook Impact: Neutral)

### MORNING FLASHES

**MAG Silver Corp.** - First Pb/Zn Shipment Logged, Ramp Up on Track

## Canadian stocks ratings and target changes across the street

Agnico Eagle Mines Ltd AEM.N: Raymond James raises target price to US\$66 from US\$65

Agnico Eagle Mines Ltd AEM.TO: Stifel GMP raises target price to C\$91 from C\$89

Allied Properties REIT AP\_u.TO: Scotiabank cuts target price to C\$35 from C\$39.50

Altus Group Ltd AIF.TO: CIBC cuts target price to C\$62 from C\$68

Americas Gold and Silver Corporation USA.TO: Stifel GMP cuts target price to C\$0.85 from C\$0.90

B2Gold Corp BTO.TO: BMO raises target price to C\$7.50 from C\$7

Barrick Gold Corp ABX.TO: Bernstein cuts target price to C\$26 from C\$27

Barrick Gold Corp ABX.TO: Stifel GMP raises target price to C\$30 from C\$29

Brookfield Infrastructure Partners LP BIP.N: Credit Suisse raises target price to US\$44 from US\$41

Canfor Pulp Products Inc CFX.TO: CIBC cuts target price to C\$3.50 from C\$4.25

Cenovus Energy Inc CVE.N: Goldman Sachs cuts target price to US\$21 from US\$22

Chartwell Retirement Residences CSH\_u.TO: Scotiabank raises to sector outperform from sector perform

Chartwell Retirement Residences CSH\_u.TO: Scotiabank raises target price to C\$11.50 from C\$11

Conifex Timber Inc CFF.TO: CIBC cuts target price to C\$1.25 from C\$1.50

Doman Building Materials Group Ltd DBM.TO: CIBC cuts target price to C\$7 from C\$7.25

Dundee Precious Metals Inc DPM.TO: Stifel GMP raises target price to C\$12.25 from C\$11.50

Eldorado Gold Corp ELD.TO: Stifel GMP cuts to hold from buy; raises target price to C\$16.50 from C\$16

Enerplus Corp ERF.TO: Barclays raises to overweight from equal weight; raises target price to C\$30 from C\$28

First Quantum Minerals Ltd FM.TO: Raymond James cuts target price to C\$34 from C\$35

Franco-Nevada Corp FNV.TO: BMO cuts target price to C\$236 from C\$237

Franco-Nevada Corp FNV.TO: Stifel GMP raises target price to C\$222 from C\$204

Gibson Energy Inc GEI.TO: Barclays cuts target price to C\$24 from C\$25

Hudbay Minerals Inc HBM.TO: Credit Suisse raises target price to C\$9 from C\$9.50

Iamgold Inc IMG.TO: Stifel GMP raises target price to C\$3.50 from C\$3.25

Imperial Oil Ltd IMO.TO: TD Securities raises target price to C\$83 from C\$82

Interfor Corp IFP.TO: CIBC cuts target price to C\$30 from C\$31

Lululemon Athletica Inc LULU.O: BofA Global Research raises price objective to US\$450 from US\$410

Lundin Mining Corp LUN.TO: Credit Suisse raises target price to C\$11.50 from C\$10

Mercer International Inc MERC.O: CIBC cuts target price to US\$11 from US\$12

# Top News

## Canadian Stocks

Metro Inc MRU.TO: CIBC raises target price to C\$77 from C\$76  
Metro Inc MRU.TO: TD Securities raises target price to C\$80 from C\$77  
New Gold Inc NGD.TO: Raymond James raises target price to C\$1.50 from C\$1  
Open Text Corp OTEX.O: Citigroup raises target price to US\$40 from US\$35  
Osisko Gold Royalties Ltd OR.TO: Stifel GMP raises target price to C\$27 from C\$21  
Parex Resources Inc PXT.TO: Barclays raises target price to C\$34 from C\$29  
Pembina Pipeline Corp PPL.TO: Barclays cuts target price to C\$49 from C\$52  
Stelco Holdings Inc STLC.TO: Scotiabank cuts target price to C\$54 from C\$57  
Teck Resources Ltd TECKb.TO: Jefferies raises target price to C\$80 from C\$70  
Tourmaline Oil Corp TOU.TO: Barclays cuts target price to C\$75 from C\$85  
Transcontinental Inc TCLa.TO: CIBC raises target price to C\$17 from C\$16  
West Fraser Timber Co Ltd WFG.TO: CIBC cuts target price to C\$126 from C\$129  
Wheaton Precious Metals Corp WPM.N: BMO cuts target price to US\$54 from US\$55  
Wheaton Precious Metals Corp WPM.TO: Stifel GMP raises target price to C\$75 from C\$66

## S&P/TSX Earnings Calendar

No major S&P/TSX companies are scheduled to report for the day.

Source: Refinitiv

### Morning news

**Alaska Air Group Inc:** The company reported a bigger-than-expected quarterly loss as higher expenses related to labor and fuel dented the carrier's margins. The company forecast second-quarter cost per available seat mile (CASM), excluding fuel, to rise between 1% and 3%. On an adjusted basis, the company posted a loss of 62 cents per share in the first quarter ended March 31, compared with analysts' average estimate of 48 cents per share. Operating revenue for the quarter rose 31% to \$2.19 billion.

**American Express Co:** The company's first-quarter profit missed Wall Street estimates as the credit card giant set aside more money to cover potential losses stemming from cardholders falling behind on their debt repayments. Its profit fell 13% to \$1.8 billion, or \$2.40 per share, for the three months ended March 31, missing analysts' average estimate of \$2.66 per share. Total revenue, excluding interest expense, rose 22% to \$14.38 billion.

**AT&T Inc:** The company missed Wall Street estimates for its first-quarter revenue, signaling intense competition from deep-pocketed rivals Verizon Communications and T-Mobile US Inc. AT&T added 424,000 postpaid phone subscribers in the latest quarter, above Factset estimate of 422,800 additions. Total revenue for the first quarter rose 1.4% to \$30.1 billion, compared with \$29.7 billion a year earlier. Analysts on average were expecting \$30.27 billion. Income from continuing operations was \$4.5 billion, or 57 cents per share, in the quarter, compared with \$5.1 billion, or 65 cents per share, a year earlier. Excluding items, the company earned 60 cents per share.

**D.R. Horton Inc:** The U.S. homebuilder posted a 34.4% fall in quarterly profit, as high prices and expensive mortgages made housing unaffordable for many Americans. D.R. Horton's revenue fell to \$7.97 billion from \$7.99 billion. Net income attributable to the company for the second quarter fell to \$942.2 million, or \$2.73 per diluted share, from \$1.44 billion, or \$4.03 per share, a year earlier.

**International Business Machines Corp:** The company beat Wall Street expectations for first-quarter profit on Wednesday and signaled demand for IT services was better than feared. The company's software and consulting businesses rose 6% and 8.2%, respectively, at constant currency in the first quarter, in line with IBM's targets. Big Blue also reiterated its full-year free cash flow forecast of \$10.5 billion. Total revenue in the first quarter rose 4.4% at constant currency to \$14.25 billion, compared with analysts' estimate of \$14.35 billion. Excluding items, it reported earnings of \$1.36 per share, beating estimates of \$1.26.

**Las Vegas Sands Corp:** The company on Wednesday reported quarterly revenue that surpassed Wall Street estimates as March visitation levels accelerated gaming volumes, retail sales and hotel occupancy. The casino operator's revenue rose to \$2.1 billion in the first quarter from \$943 million a year earlier, which surpassed analysts' average estimate of \$1.8 billion. Las Vegas Sands earned an adjusted 19 cents per share in the quarter, compared with analysts' expectations for 20 cents per share.

**Steel Dynamics Inc:** The company beat estimates for quarterly profit on Wednesday, driven by strong industrial demand for steel products. First-quarter profit fell 42% to \$637.3 million as supply snags and inflationary pressures drove up costs. On an adjusted basis, however, Steel Dynamics reported a profit of \$4.01 per share, beating average analysts' expectation of \$3.52 per share. Revenue was \$4.89 billion, compared with expectations of \$5 billion.

**Taiwan Semiconductor Manufacturing Co Ltd:** The chipmaker, a major Apple supplier, forecast a 16% plunge in sales for the second quarter as consumers grapple with an inventory glut while a weakening global economy clouds demand outlook. For the first quarter ended March, the company posted a surprise rise in net profit, up 2% from a year earlier. But that was still the smallest quarterly growth since mid-2019 as global economic woes dented demand for chips, Refinitiv data shows. Its net profit came in at T\$206.9 billion, versus T\$202.7 billion a year earlier, while the consensus estimate was for a drop to T\$192.8 billion. Revenue fell 4.8%, in line with its forecast. In the quarter to June 30, Asia's most valuable listed company expects revenue of \$15.2-\$16 billion, down from \$18.16 billion a year earlier. First-half revenue is likely to fall around 10% in U.S. dollar terms year-on-year, TSMC said, while it sees 2023 revenue falling by a low-to-mid single digit percent.

**Tesla Inc:** The company's boss Elon Musk on Wednesday doubled down on the price war he started at the end of last year, saying the electric vehicle (EV) maker would prioritize sales growth ahead of profit in a weak economy. The company posted its lowest quarterly gross margin in two years, missing market estimates, as it slashed prices aggressively in markets including the United States and China to spur demand and fend off rising competition. Tesla's net profit fell by nearly a quarter to \$2.51 billion from a year earlier, hurt by higher raw-materials, logistics and warranty costs as well as the production ramp-up of its 4680 battery cells. Income adjusted for one-time items and revenue was in line with estimates.

# Top News

## U.S. Stocks

### S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Alaska Air Group Inc	ALK.N	BMO	-0.49
American Express Co	AXP.N	BMO	2.67
AT&T Inc	T.N	BMO	0.58
Comerica Inc	CMA.N	BMO	2.30
CSX Corp	CSX.OQ	AMC	0.43
DR Horton Inc	DHI.N	BMO	1.93
Fifth Third Bancorp	FITB.OQ	BMO	0.79
Genuine Parts Co	GPC.N	BMO	2.03
Huntington Bancshares Inc	HBAN.OQ	BMO	0.37
KeyCorp	KEY.N	BMO	0.44
Marsh & McLennan Companies Inc	MMC.N	BMO	2.47
Nucor Corp	NUE.N	BMO	3.81
Philip Morris International Inc	PM.N	BMO	1.35
Pool Corp	POOL.OQ	BMO	3.29
PPG Industries Inc	PPG.N	AMC	1.51
Seagate Technology Holdings PLC	STX.OQ	AMC	0.23
Snap-On Inc	SNA.N	BMO	4.14
Truist Financial Corp	TFC.N	BMO	1.14
Union Pacific Corp	UNP.N	07:45	2.60
W R Berkley Corp	WRB.N	AMC	1.24

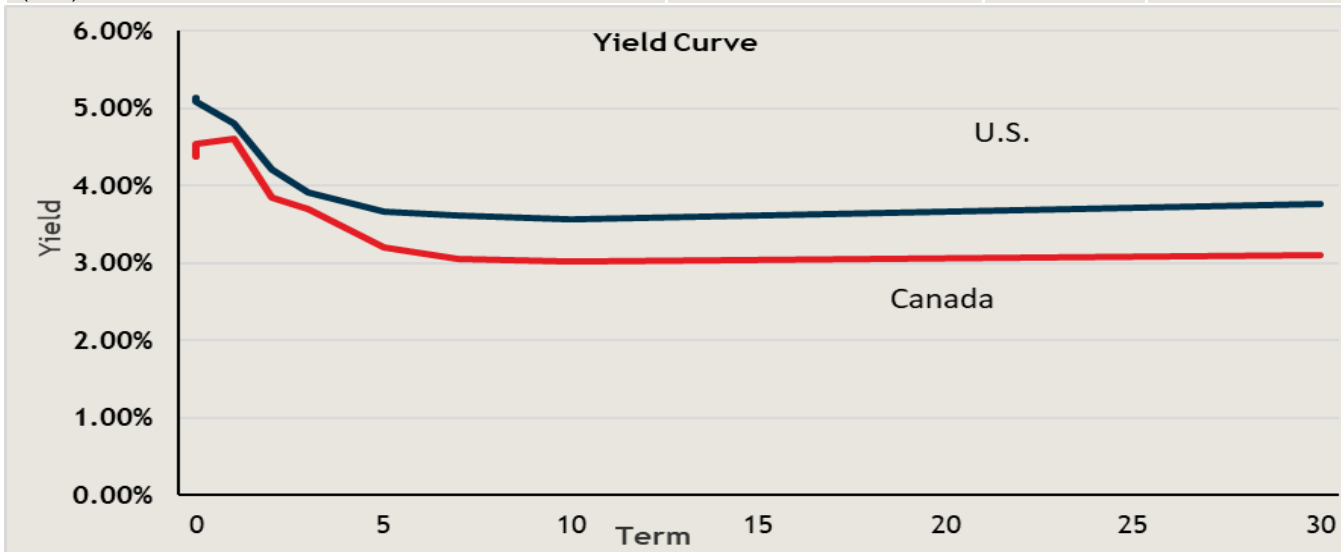
Source: Refinitiv



# Top News

## Fixed Income

Canadian Key Rate	Last	Change bps		Last	Change bps
CDA o/n	4.50%	0.00	CDA 5 year	3.20%	-4.6
CDA Prime	6.70%	0.00	CDA 10 year	3.03%	-3.8
CDA 3 month T-Bill	4.43%	0.0	CDA 20 year	3.20%	-3.6
CDA 6 month T-Bill	4.55%	0.0	CDA 30 year	3.11%	-3.4
CDA 1 Year	4.61%	0.0	5YR Sovereign CDS	39.46	
CDA 2 year	3.85%	-4.4	10YR Sovereign CDS	40.12	
US Key Rate	Last	Change bps		Last	Change bps
US FED Funds	4.75-5.00%	0.25	US 5 year	3.67%	-5.4
US Prime	8.00%	0.25	US 10 year	3.57%	-3.6
US 3 month T-Bill	5.01%	-1.0	US 30 year	3.77%	-2.2
US 6 month T-Bill	5.08%	-1.1	5YR Sovereign CDS	48.7	
US 1 Year	4.80%	-2.3	10YR Sovereign CDS	43.64	
US 2 year	4.21%	-5.5			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			549.71	0.28%	0.98%
BMO Laddered Preferred Shares (ETF)			9.05	-0.11%	0.11%



Source: Refinitiv

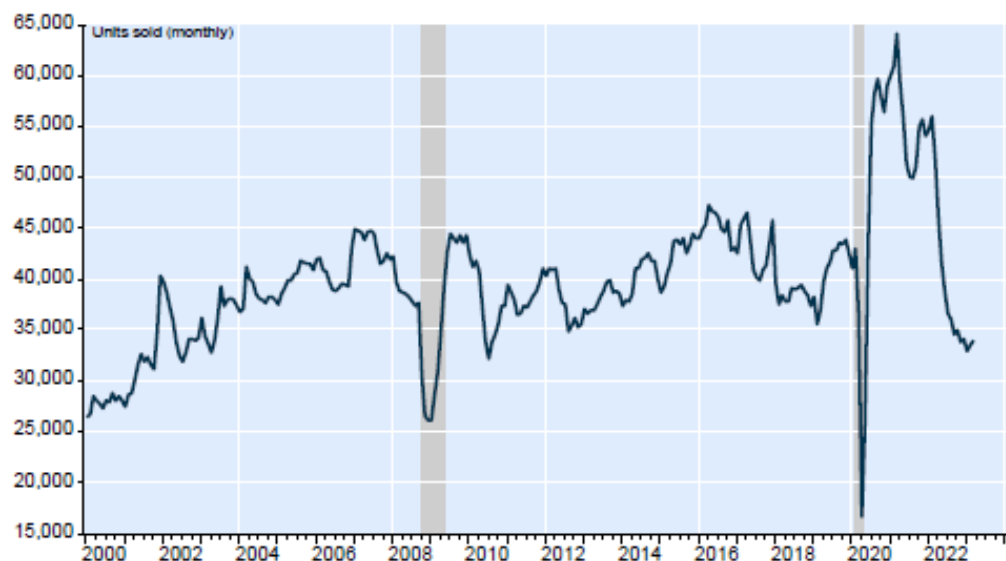
### Housing Market Monitor - Canada: Slight increase in sales for a second consecutive month

#### Summary

- On a seasonally adjusted basis, home sales increased 1.4% from February to March, the first time since February 2022 that they experienced two consecutive monthly increases. Unlike the previous month, the increase in sales was not spread across all provinces.
- On the supply side, new listings dropped by 5.8% in the month, a seventh decrease in nine months.
- Still, we continue to see that there is a high proportion of sellers who are changing their minds, as we estimate that 19% of listings have been withdrawn in the last three months.
- Overall, supply decreased in Canada as testified by the number of months of inventory (active-listings to sales) decreasing from 4.1 to 4.9 in March. This remains up from the trough of 1.7 reached in the pandemic but remains low on a historical basis.
- The active-listings to sales ratio is still tighter than its historical average in the majority of Canadian provinces, with only Manitoba indicating a ratio above average.
- Housing starts in Canada decreased in March (-27.1K to 213.9K, seasonally adjusted and annualized), which was below consensus expectations calling for a 237.5K print. This drop almost fully erased February's 27.9K gain. In urban areas, decreases in housing starts were seen in Ontario (-20.7K to 75.4K), the Prairies (-8.0K to 35.9K), Québec (-11.8K to 27.0K) and the Maritimes (-0.3K to 6.3K). Starts in BC (+13.6K to 48.0K), meanwhile, increased after reaching their lowest level since March 2022 in February, thanks to a gain in multiples (+14.1K to 43.2K) while single units starts were essentially steady (-0.5K to 4.8K).
- The Teranet-National Bank Composite National House Price Index decreased 0.8% in March compared with the previous month and after adjusting for seasonal effects, the ninth consecutive monthly decline. After seasonal adjustment, 7 of the 11 markets in the composite index were down during the month: Victoria (-4.5%), Winnipeg (-2.4%), Toronto (-1.9%), Edmonton (-0.9%), Hamilton (-0.1%) Conversely, prices increased during the month in Halifax (+2.3%), Montreal (+0.5%), Vancouver (+0.3%) and Calgary (+0.1%).

#### Canada: Residential sales

Seasonally adjusted data



NBF Economics and Strategy (data via CREA)

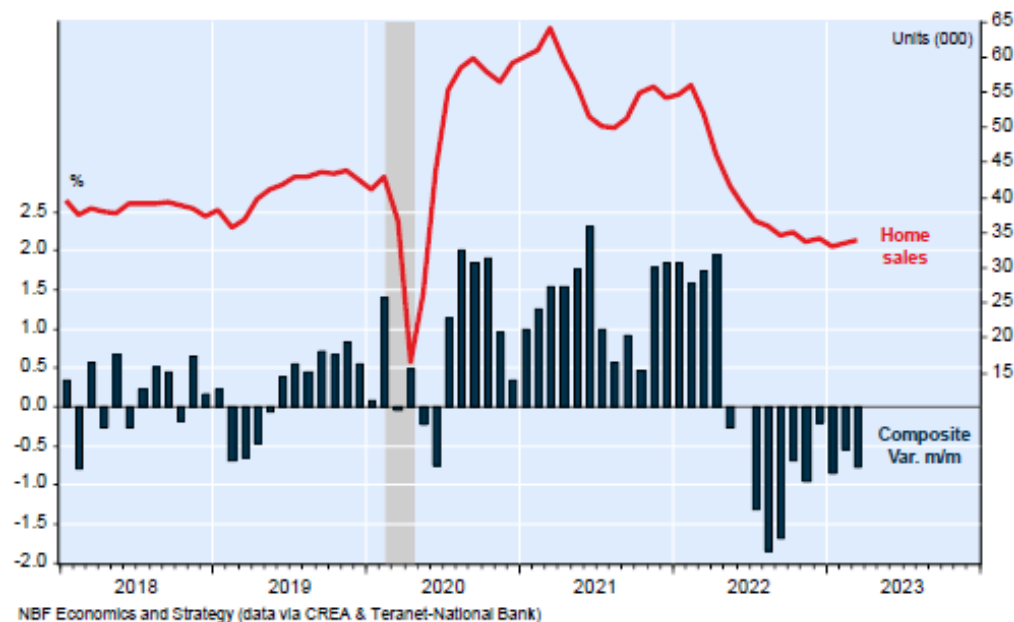


### Teranet-National Bank House Price Index - Canada: Record annual price decline in March

Even though the resale housing market is showing its first signs of stabilization and the non-seasonally adjusted Teranet-National Bank Index has seen its first monthly increase in ten months, it is still too early to say that the real estate market in Canada is on the rise. In fact, once adjusted for seasonal effects, the composite index contracted by 0.8% during the month, as price growth is generally stronger in the spring with the start of the high season. It should also be noted that, on an annual basis, the index in March fell by 6.9% compared to March 2022 and thus equaled the record contraction recorded during the 2008-2009 financial crisis. With the Bank of Canada expected to keep its policy rate in restrictive territory for much of 2023 and mortgage rates remaining high, we believe that the impact on property prices should continue to be felt in the coming months. All in all, we anticipate that the price correction that currently stands at 8.8% could continue through the end of 2023 (-5% additional), but this assumes that policy rate hikes are over, and declines begin at the end of the year. Although corrections are observed in all markets covered by the index (except Sherbrooke), the CMAs that have experienced the largest price growth over the past two years are also those that have recorded the sharpest declines to date. Ontario and British Columbia thus appear to be more vulnerable, while the Prairie markets are less so, as affordability problems are less acute.

#### Canada: Resale Market Stabilizing

Number of transactions in the resale housing market and monthly change (%) in the Teranet-BNC HPI, seasonally adjusted



### Snapshot - Canadian Housing Starts (March)

#### Summary:

- Housing starts in Canada decreased in March (+27.1K to 213.9K, seasonally adjusted and annualized), which was below consensus expectations calling for a 237.5K print. This drop almost fully erased February's 27.9K gain.
- In urban areas, decreases in housing starts were seen in Ontario (-20.7K to 75.4K), the Prairies (-8.0K to 35.9K), Québec (-11.8K to 27.0K) and the Maritimes (-0.3K to 6.3K). Starts in BC (+13.6K to 48.0K), meanwhile, increased after reaching their lowest level since March 2022 in February, thanks to a gain in multiples (+14.1K to 43.2K) while single units starts were essentially steady (-0.5K to 4.8K).
- Starts jumped in Vancouver (+18.0K to 36.4K) while they fell in Toronto (-13.9K to 38.9K), Montreal (-1.3K to 10.1K) and Calgary (-1.6K to 14.1K).
- The monthly decrease stemmed exclusively from urban starts, with losses in both multiples (-19.3K to 151.8K) and single segment (-8.0K to 40.8K). Rural starts, meanwhile, remained relatively stable with a gain of 0.2K to 21.3K in the month.

# Top News

## Economy & Strategy

**Bottom line:**

Housing starts decreased in March, almost completely erasing February's significant increase. With the exception of a rebound in British Columbia and, to a lesser extent, New Brunswick, all provinces posted decline in the month. We expect Canadian homebuilders to be cautious in the coming months given the high interest rates that make it difficult to secure financing for new projects. We continue to believe that housing starts should stabilize to an average of 215K in 2023, a level consistent with household formation. Indeed, strong immigration should help keep housing starts close to their historical average, despite the current depressed resale market. The rental segment could continue to grow in importance in the coming months

## Disclosures

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