

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX		LAST	CHANGE
Dow Jones MINI futures	37,753.00	-10.00	-0.03%	CRUDE OIL WTI		\$73.32	\$1.08
S&P500 MINI futures	4,789.75	-3.00	-0.06%	NATURAL GAS		\$3.03	-\$0.16
NASDAQ MINI futures	16,818.00	-12.25	-0.07%	GOLD		\$2,028.30	-\$1.29
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER		\$3.75	\$0.02
S&P/TSX 60 futures	1,272.10	0.40	0.03%	CAD / USD		\$0.7474	\$0.0007
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR		€ 0.6832	€ 0.0002
DJ EURO STOXX 50	4,462.69	-4.48	-0.10%	USD / EUR		€ 0.9141	-€ 0.0006
FTSE 100 INDEX	7,661.93	-22.03	-0.29%	USD / JPY		¥145.29	¥0.82
DAX GERMANY	16,673.39	-14.97	-0.09%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,417.08	-9.54	-0.13%	CANADA (YLD%)	4.00%	3.31%	3.20%
NIKKEI 225 INDEX	34,441.72	678.54	2.01%	U.S. (YLD%)	4.34%	3.94%	3.99%
HANG SENG INDEX	16,097.28	-92.74	-0.57%	Source: Refinitiv			
SHANGHAI COMPOSITE INDEX	2,877.70	-15.55	-0.54%				

## Morning News

U.S. equity index futures are relatively unchanged this morning despite a dip in Treasury yields that is driving tech stocks higher. So far this year, equities have remained range-bound, as investors reassess their expectations of the pace of monetary policy easing following contrasting economic data and mixed signals from Federal Reserve officials. Market participants have scaled back expectations for at least a 25-basis-point rate cut in March, and currently see a 64% chance, down from around 86% in the last week of 2023. With no major economic data being released today, investors' focus now remains squarely on the December consumer and producer inflation reports due tomorrow and Friday, respectively. In addition, earnings season kicks off Friday, with banking giants JPMorgan Chase, Bank of America, Citigroup and Wells Fargo. They are all expected to report lower fourth-quarter profits, as they set money aside to cover souring loans and paid more to depositors. Some analysts fear the earnings season may not produce the results that justify the run up in stock valuations into the end of last year. On the corporate side, chip stocks Nvidia, Advanced Micro Devices and Intel gained in pre-market trading as TSMC, the world's largest contract chipmaker, beat fourth-quarter revenue expectations. Boeing inched up, recovering from a 9.3% tumble in the last two sessions. CEO Dave Calhoun acknowledged errors by the U.S. planemaker as more than 170 jets remained grounded for a fourth day. In Canada, the commodity-heavy TSX pulled back from a 20-month high in the previous session due to losses in financials and mining stocks. Futures this morning are mostly unchanged despite gold and copper prices trading higher supported by a slightly weaker U.S. dollar. Oil prices remained steady as Middle East supply concerns arising from the Israel-Hamas war balanced worries about weak economic growth. 78% of traders expect the Bank of Canada to start lowering rates as soon as April. Overseas, European Central Bank Vice President Luis de Guindos said that the euro zone may have been in recession last quarter and prospects remain weak, adding that the recent rapid slowdown in inflation is likely to take a pause now. Euro zone growth has been hovering on either side of zero for most of 2023 and only a mild pick up is seen this year. Soft indicators point to an economic contraction in December too, confirming the possibility of a technical recession in the second half of 2023. On policy, de Guindos offered no new message, merely repeating the ECB's guidance that a 4% deposit rate, maintained for a "sufficiently long duration", will help cut price growth back to the ECB's 2% target. Not helping the situation in the euro zone, is Germany. The largest economy of the region continues to struggle, according to two prominent research institutes there are further bad signs for the nation's struggling property industry as it suffers its worst crisis in decades. According to a study by the DIW economic institute, construction spending is set to fall in 2024 for the first time since the financial crisis, while a separate survey by the Ifo economic institute showed sentiment in residential construction at an all-time low. Japanese stocks hit a 34-year high today. The Nikkei Index, which had its best year in a decade in 2023, climbed 2% to break above 34,000 for the first time since 1990. Exporters led the charge, helped by a softening yen after data showed Japanese real wages shrank for a 20th month in November.

## U.S Economic Calendar

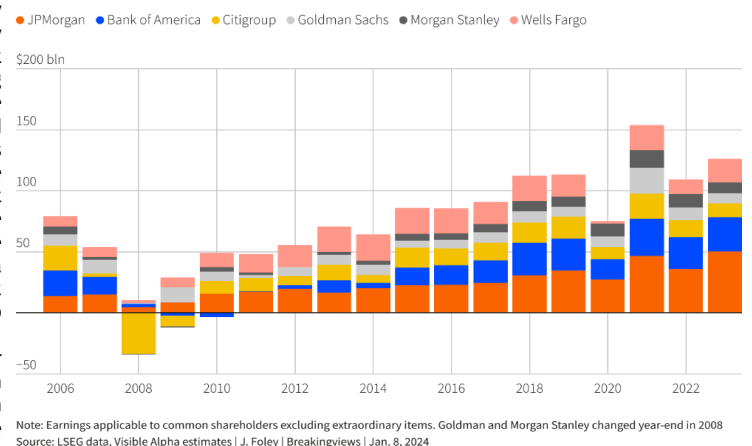
Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
07:00	MBA Mortgage Applications	5 Jan, w/e		9.9%	-10.7%	
07:00	MBA 30-Yr Mortgage Rate	5 Jan, w/e		6.81%	6.76%	
10:00	Wholesale Invt(y), R MM	Nov	-0.2%		-0.2%	
10:00	Wholesale Sales MM	Nov	-0.3%		-1.3%	
10:00	LSEG IPSOS PCSI	Jan			51.08	

## Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
10:00	LSEG IPSOS PCSI	Jan			46.57	

## Chart of the day

### Earnings at US banks are far above crisis-era lows



### Morning news

**First Quantum Minerals Ltd:** About 500 people on Tuesday protested at the company's copper mine in Panama to pressure the Canadian miner and authorities to follow through on plans to close the site, weeks after the Supreme Court declared its contract unconstitutional. Even days before the Supreme Court's November ruling over the contract to operate the lucrative Cobre Panama mine, the site had already effectively been shuttered after protesters blocked access to the port that serves it. The Canadian miner's local unit last week said it was "deeply concerned" after one union warned of plans to "invade" the Cobre Panama mine this week. But by noon on Tuesday the protest, which was peaceful, had dispersed. Many protesters waved Panamanian flags while others held banners that read: "Panama is worth more without mining."

### NBF Research

#### RATING AND TARGET PRICE CHANGES

**Metals & Mining** - Coverage Update

**Oil, Gas & Consumable Fuels** - 2024 Outlook: Drive To Differentiate; If You Ain't First, You're Last

**Air Canada** - Addressing key investor concerns for AC - maintain Outperform; Target: C\$31 (Was C\$32)

**Birchcliff Energy Ltd.** - Visibility to Come; Rating: Sector Perform (Was OP); Target: C\$6.50 (Was C\$9.25)

#### DAILY BULLETIN HIGHLIGHTS

**OIL, GAS & CONSUMABLE FUELS** - 2024 Outlook: Drive To Differentiate; If You Ain't First, You're Last

**Event:** Within this note, we highlight the pertinent themes and takeaways across the Canadian energy sector for the year ahead, including our long-term commodity price assumptions.

**Key Takeaways:** While commodity prices remain volatile and sentiment remains challenged, our thoughts on the sector in the year ahead remain constructive given the financial resiliency and capital discipline demonstrated across the coverage universe. This financial strength, coupled with significant structural catalysts (TMX and LNG Canada) provide producers with tantalizing upside going forward, in addition to the potential for increased (and sustainable) cash returns. Similar to last year, debt remains a focus of investors, but with many companies destined to hit net debt targets in the year ahead, we believe this offers investors a compelling setup for enhanced returns (given the sector's focus on return of capital above all else).

**AIR CANADA:** Addressing key investor concerns for AC - maintain Outperform

<b>AC (TSX)</b>	<b>C\$19.26</b>	<b>Event:</b> We update our Air Canada forecast and address key concerns for AC investors.
<b>Target:</b>	<b>C\$31.00</b>	
	(Was C\$32.00)	<b>Key Takeaways:</b> We maintain our Outperform rating on Air Canada shares but have trimmed our target to \$31.00 from \$32.00 previously. Investors have numerous concerns about Air Canada including the growing risk of a recession in Canada, the outcome of negotiations with its pilots, higher capex in the coming years, and increased competition. We address all these issues in more detail in this note, but the bottom line for us is that the current valuation for Air Canada is reflecting what we believe is an overly pessimistic outlook.
<b>Stock Rating:</b>	<b>Outperform</b>	
	(Unchanged)	
<b>Est. Total Return:</b>	<b>61.0%</b>	

**BIRCHCLIFF ENERGY LTD.:** Visibility to Come; Downgrading to Sector Perform

<b>BIR (TSX)</b>	<b>C\$5.91</b>	<b>Event:</b> In association with our annual upstream outlook, we have downshifted BIR to Sector Perform (from Outperform) with a \$6.50 target price (from \$9.25).
<b>Target:</b>	<b>C\$6.50</b>	
	(Was C\$9.25)	<b>Key Takeaways:</b> Overall, we remain confident in the company's long-term value profile, and believe that as it provides visibility for its payout (both through commodity & its operating profile), the street will better appreciate this upside. The revision is a reflection of what we perceive as the street's desire for greater visibility around its payout as we transit a trough gas price environment. The stock has underperformed the group by a factor of 865 bps over the past three months, and we firmly believe that this will be positively resolved through the
<b>Stock Rating:</b>	<b>Sector Perform</b>	
	(Was Outperform)	
<b>Est. Total Return:</b>	<b>23.5%</b>	

underappreciated resilience of its financial sensitivity as prices recover (which we are already seeing) in addition to the inherent option-value embedded within its business (notably flex to capital and other underappreciated elements of value). BIR is poised for a 10% return profile (vs. peers 16%) on leverage of 1.2x (vs. peers 0.5x), while trading at 5.5x 2024e EV/DACF (vs. peers 4.8x).

### OTHER COMMENTS

Monthly Canadian Freight Update  
Weekly ESG Review

### RESEARCH FLASHES

**Arizona Metals Corp.** - Kay Deposit Expansion Near-Surface  
**Dundee Precious Metals Inc.** - Q4/23 Production ~ In Line, Tsumeb Rebounds  
**i-80 Gold Corp.** - 2024 Plan Looks to Build on Wins Last Year  
**K92 Mining Inc.** - 2023 Ends on a High Note  
**Minto Apartment REIT** - Financial flexibility continues to improve and with it capital allocation optionality  
**Royal Gold Inc.** - Royal Gold Announces Q4/23 Stream Sales Ahead of NBF Estimates  
**Torex Gold Resources Inc.** - Strong Finish to YE23 Expected to Carry into 2024

## Canadian stocks ratings and target changes across the street

Aecon Group Inc ARE.TO: TD Securities raises target price to C\$14 from C\$10.50  
Air Canada AC.TO: National Bank of Canada cuts target price to C\$31 from C\$32  
ARC Resources Ltd ARX.TO: National Bank of Canada cuts target price to C\$25 from C\$26  
Baytex Energy Corp BTE.TO: National Bank of Canada cuts target price to C\$7.25 from C\$8.25  
Birchcliff Energy Ltd BIR.TO: National Bank of Canada cuts target to C\$6.50 from C\$9.25  
Birchcliff Energy Ltd BIR.TO: National Bank of Canada cuts to sector perform from outperform  
Bird Construction Inc BDT.TO: TD Securities raises target price to C\$17 from C\$15.50  
Bombardier BBDb.TO: CIBC cuts target price to C\$60 from C\$62  
Boyd Group Services Inc BYD.TO: Cormark Securities raises target price to C\$315 from C\$300  
Canadian National Railway Co CNR.TO: CIBC cuts to neutral from outperformer  
Canadian National Railway Co CNR.TO: Barclays raises target price to C\$170 from C\$155  
Canadian Natural Resources Ltd CNQ.TO: National Bank of Canada cuts target price to C\$90 from C\$100  
Canadian Pacific Kansas City CP.TO: Barclays raises target price to C\$120 from C\$115  
Cenovus Energy Inc CVE.TO: National Bank of Canada cuts target price to C\$29 from C\$36  
Crescent Point Energy Corp CPG.TO: National Bank of Canada cuts target price to C\$14 from C\$19  
Crew Energy Inc CR.TO: National Bank of Canada cuts target price to C\$5 from C\$7  
Enerplus Corp ERF.N: National Bank of Canada cuts target price to US\$21 from US\$25  
Freehold Royalties Ltd FRU.TO: National Bank of Canada cuts target price to C\$17 from C\$20  
Imperial Oil Ltd IMO TO: National Bank of Canada cuts target price to C\$89 from C\$110  
Kelt Exploration Ltd KEL.TO: National Bank of Canada cuts target price to C\$7.50 from C\$8.75  
Kiwetino Energy Corp KEC.TO: National Bank of Canada cuts target price to C\$20 from C\$22.50  
Logan Energy Corp LGN.V: National Bank of Canada cuts target price to C\$1.50 from C\$1.35  
Lucero Energy Corp LOU.V: National Bank of Canada cuts target price to C\$0.80 from C\$1  
Lululemon Athletica Inc LULU.O: Raymond James raises target price to US\$520 from US\$495  
Lycos Energy Inc LCX.TO: National Bank of Canada cuts target price to C\$9 from C\$10  
MEG Energy Corp MEG.TO: National Bank of Canada cuts target price to C\$30 from C\$31  
Methanex Corp MEOH.O: CIBC raises target price to US\$48 from US\$46  
NGEX Minerals Ltd NGEX.V: Cormark Securities raises target price to C\$9 from C\$8  
NuVista Energy Corp NVA.TO: National Bank of Canada cuts target price to C\$14 from C\$15  
Obsidian Energy Ltd OBE.TO: Raymond James raises target price to C\$15.50 from C\$15  
Overactive Media Corp OAM.V: TD Securities raises target price to C\$0.30 from C\$0.20

# Top News

## Canadian Stocks

Ovintiv Inc OVV.N: National Bank of Canada cuts target price to US\$53 from US\$69  
Paramount Resources Ltd POU.TO: National Bank of Canada cuts target price to C\$40 from C\$42.50  
Peyto Exploration & Development Corp PEY.TO: National Bank of Canada cuts target price to C\$15 from C\$17.50  
PrairieSky Royalty Ltd PSK.TO: National Bank of Canada cuts target price to C\$25 from C\$28  
Spartan Delta Corp SDE.TO: National Bank of Canada cuts target price to C\$4.50 from C\$6.50  
Stantec Inc STN.TO: Stifel raises target price to D\$120 from C\$115  
Suncor Energy Inc SU.TO: National Bank of Canada cuts target price to C\$57 from C\$74  
Surge Energy Inc SGY.TO: National Bank of Canada cuts target price to C\$11 from C\$13  
Tamarack Valley Energy Ltd TVE.TO: National Bank of Canada raises target price to C\$6.50 from C\$6  
TFI International Inc TFII.N: Stifel raises target price to US\$149 from US\$148  
Topax Energy Corp PTZ.TO: National Bank of Canada cuts target price to C\$27.50 from C\$30  
Tourmaline Oil Corp TOU.TO: National Bank of Canada cuts target price to C\$70 from C\$80  
Vermilion Energy Inc VET.TO: National Bank of Canada cuts target price to C\$20 from C\$24  
Vizsla Silver Corp VZLA.V: Stifel raises target price to C\$4 from C\$3.75  
Whitecap Resources Inc WCP.TO: National Bank of Canada cuts target price to C\$15 from C\$18.50  
Yangarra Resources Ltd YGR.TO: National Bank of Canada cuts target price to C\$2 from C\$4

## S&P/TSX Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Aritzia Inc	ATZ.TO	AMC	0.41
Cogeco Communications Inc	CCA.TO	AMC	

Source: Refinitiv

# Top News

## U.S. Stocks

**Hewlett Packard Enterprise Co & Juniper Networks Inc:** The company will buy the networking gear maker for \$14 billion in an all-cash deal, in an attempt to spruce up the company's artificial intelligence (AI) offerings. HPE offered \$40 per share to Juniper shareholders, the companies said on Tuesday. That represents a 32.4% premium to the stock's close on Monday, when the news of the deal first emerged. The acquisition comes at a time when the AI gold rush has led companies to pour billions of dollars into upgrading and developing new wares and is expected to double HPE's networking business. HPE, grappling with sluggish demand in its traditional server business, is looking to tap into Juniper's offerings such as network security and AI-enabled enterprise networking operations (AIOps). The transaction is expected to be funded through financing commitments for \$14 billion in term loans and is likely to close in late 2024 or early 2025, subject to regulatory approvals.

**Amazon.com Inc:** The company's streaming unit Twitch is set to cut 35% of its staff, or about 500 workers, Bloomberg News reported on Tuesday, citing people familiar with the plans. The move could be announced as soon as Wednesday, the report added. The business remains unprofitable nine years after Amazon's acquisition of the company, the report said. Twitch CEO Dan Clancy said in December that the company would shut down operations in South Korea in February this year, due to high operating costs and network fees. The company had laid off more than 400 employees in March last year after its user and revenue growth did not meet expectations.

**Boeing Co:** The planemaker's CEO Dave Calhoun acknowledged errors by the U.S. planemaker as more than 170 jets remained grounded for a fourth day, telling staff the company would ensure an accident like the mid-air Alaska Airlines panel blowout "can never happen again." The company's top planemaking official, Stan Deal, also told a somber town hall meeting at its Renton, Washington 737 factory that Boeing acknowledges "the real seriousness of the accident" as it launches checks into its quality controls and processes. Alaska Airlines and United Airlines, the two U.S. carriers that use the temporarily grounded planes, have found loose parts on similar aircraft, raising fears such an incident could have happened again. In a separate meeting on Tuesday, Boeing told staff the findings were being treated as a "quality control issue" and checks were under way at Boeing and fuselage supplier Spirit Aerosystems, sources familiar with the matter said. Boeing voiced support for the FAA's action, and the company's contrite tone on Tuesday contrasted with statements that were criticized as legalistic after the 2018 crash of a Lion Air 737 MAX in Indonesia.

**Taiwan Semiconductor Manufacturing Co Ltd:** The Taiwan chipmaker reported a largely flat fourth-quarter revenue, but that still beat both the company's and market's expectations. The world's largest contract chipmaker, whose customers include Apple and Nvidia, has benefited from a boom in artificial intelligence applications that has helped it weather the tapering off of pandemic-led demand. Revenue in the final three months of last year came in at \$20.10 billion, according to Reuters calculations, compared with \$19.93 billion in the year-ago period. For December alone, TSMC reported that revenue fell 8.4% year-on-year to T\$176.3 billion, which was down 14.4% compared with the previous month. TSMC, Asia's most valuable publicly listed company with a market capitalisation of \$491 billion, did not provide any details or forward guidance in its brief revenue statement. It is due to report fourth-quarter earnings on Jan. 18, where it will also update its outlook for the current quarter and the year.

**Tesla Inc:** The car maker launched the restyled version of its Model 3 sedan in North America and kept the prices unchanged, according to the company's website and a post on X. The electric car maker has removed the most expensive version of the Model 3, the "performance" variant, from its North American websites, and now only lists the rear-wheel drive and the long-range variants. The Model 3's rear-wheel drive variant is currently priced at \$38,990, while its long-range variant costs \$45,990. Tesla has updated the range of its long-range variant to 341 miles, up from the earlier 333 miles. The restyled version of both variants includes new features such as a rear display for backseat passengers, two new colors - "Stealth Grey and Ultra Red" - and newly styled wheels, according to Tesla's website. Separately, Tesla has lowered driving-range estimates across its lineup of electric vehicles as a new U.S. government vehicle-testing regulation takes effect with the goal of ensuring that automakers accurately reflect real-world performance

## S&P500 Earnings Calendar

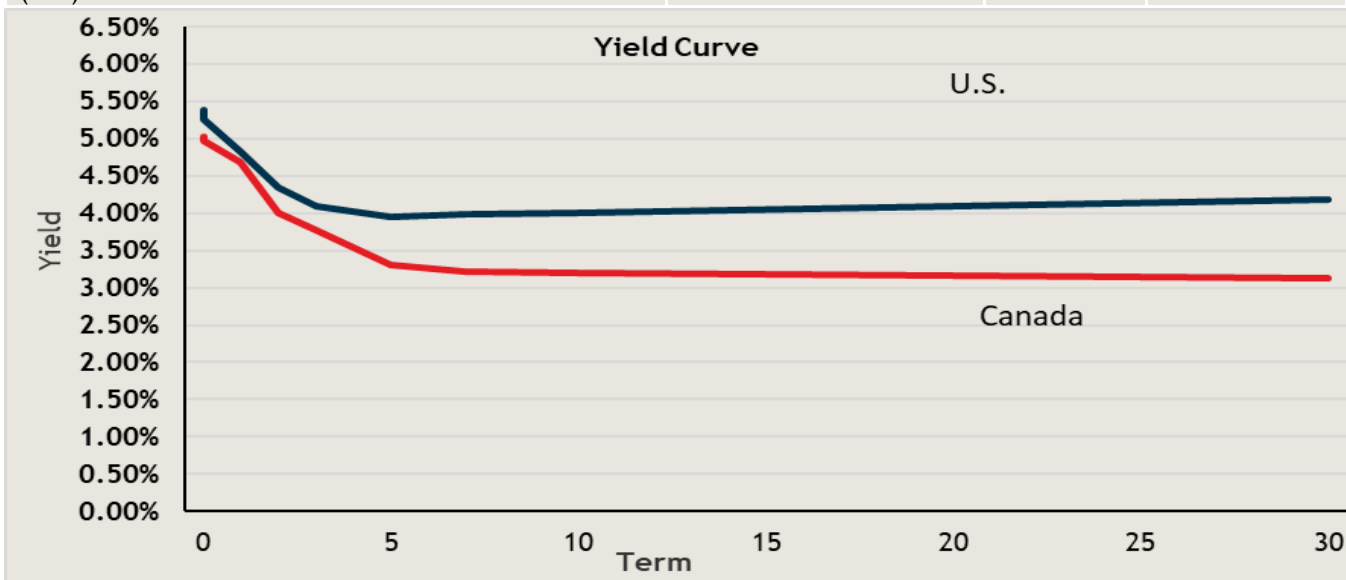
Company	Symbol	Time	Consensus EPS Estimate
No companies report			

Source: Refinitiv

# Top News

## Fixed Income

Canadian Key Rate	Last	Change bps		Last	Change bps
CDA o/n	5.00%	0.00	CDA 5 year	3.31%	-2.5
CDA Prime	7.20%	0.00	CDA 10 year	3.21%	-1.9
CDA 3 month T-Bill	5.05%	0.0	CDA 20 year	3.20%	-1.6
CDA 6 month T-Bill	4.98%	-1.0	CDA 30 year	3.13%	-1.6
CDA 1 Year	4.69%	-1.0	5YR Sovereign CDS	39.6	
CDA 2 year	4.00%	-2.4	10YR Sovereign CDS	40.1	
US Key Rate	Last	Change bps		Last	Change bps
US FED Funds	5.25-5.50%	0.00	US 5 year	3.95%	-2.8
US Prime	8.50%	0.00	US 10 year	4.00%	-1.7
US 3 month T-Bill	5.23%	-0.6	US 30 year	4.18%	-0.8
US 6 month T-Bill	5.26%	-0.6	5YR Sovereign CDS	47.07	
US 1 Year	4.82%	-2.0	10YR Sovereign CDS	54.68	
US 2 year	4.35%	-2.8			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			551.73	-0.17%	1.35%
BMO Laddered Preferred Shares (ETF)			9.3	-0.35%	2.88%



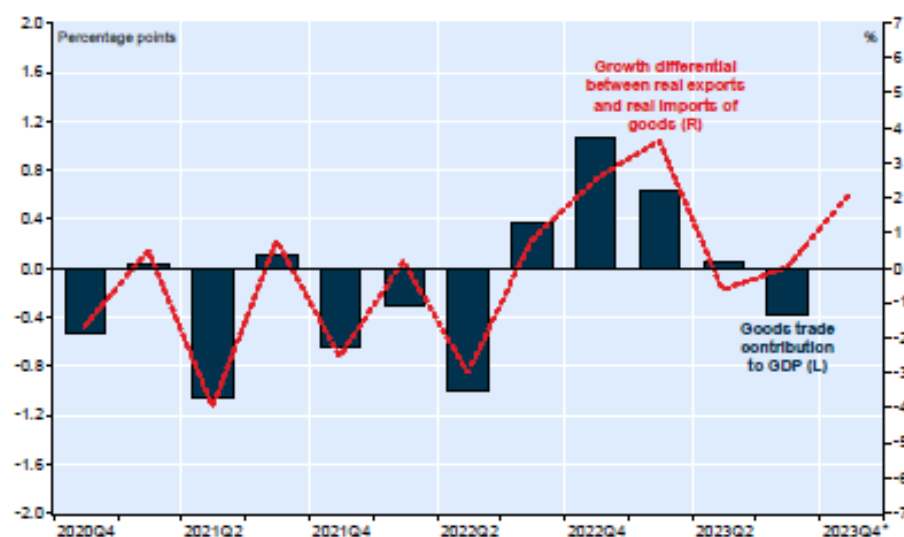
Source: Refinitiv

### Canada: Merchandise trade likely to contribute strongly to Q4 GDP growth

Although the surplus narrowed in November, Canada's merchandise trade balance remained in positive territory for a fourth consecutive month. Only four exports categories registered declines in the month, notably metal/non-metallic mineral products, which suffered from a decrease in gold asset transfers in the banking sector, and aircraft/transportation equipment, which fell back to more typical levels after having surged to a 33-month high in October. Meanwhile, imports increased on broad-based gains. Inbound shipments of energy products surged 11.6% in November, reflecting higher imports of uranium from Kazakhstan. Imports of refined petroleum products also jumped (18.8%) as a number of Canadian businesses turned to U.S. producers to offset the drop in local production caused by maintenance work at refineries. Greater demand for U.S. petroleum products was also responsible for a narrowing of the energy surplus with our Southern neighbour. Also contributing to the increase in imports was a 4.9% gain in the machinery/equipment segment, something Statistics Canada attributed to "higher imports of turbines and generator equipment destined for wind farm projects in Alberta." With one month of data still to come, trade in goods looks likely to contribute strongly to GDP growth in the fourth quarter of the year, with real exports tracking a 1.0% gain and real imports on pace to decline 1.2%.

#### Canada: Goods trade likely contributed positively to Q4 GDP growth

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



\*With one month of data still to come

NBF Economics and Strategy (data via Statistics Canada)

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