

MORNING NEWS CALL

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CANADA EDITION

FRIDAY, OCTOBER 7, 2022

TOP NEWS

- **Slower U.S. job growth anticipated in September; labor market still tight**

U.S. job growth likely slowed in September as rapidly rising interest rates leave businesses more cautious about the economic outlook, but overall labor market conditions remain tight, providing the Federal Reserve with cover to maintain its aggressive monetary policy tightening campaign for a while.

- **New premier in Canada's oil-rich Alberta set to defy Trudeau**

Alberta's incoming premier has set the stage for a showdown with Canada's federal government and push back against federal laws which is likely to set the oil-rich province on a collision course with Prime Minister Justin Trudeau.

- **PREVIEW-U.S. banks' Q3 profits set to shrink on economic risks, deal slump**

The biggest U.S. banks are expected to report weaker third-quarter profits as the economy slowed and volatile markets put the brakes on dealmaking.

- **Hawkish Fed may not be deterred by spate of inflation-friendly data**

Dropping job vacancies, a dip in rental costs and signs of growing consumer caution may bolster the Federal Reserve's hopes it can still slow the U.S. economy - and inflation - without causing a full-blown recession or dramatic rise in unemployment.

- **EU says Shopify to improve platform to make online shopping safer**

The European Commission said on Friday e-commerce business Shopify has committed to put in place improvements aimed at making online shopping safer for customers, according to a statement.

BEFORE THE BELL

Canada's main stock index futures were little changed, mirroring **Wall Street futures**, as investors braced for the U.S. non-farm payrolls report due before the opening bell, which could influence the Fed's rate hike trajectory. Canada's employment data for September is also scheduled to release later in the day. **European shares** were slightly higher, but gains were limited following the drop in chipmakers after weak earnings and forecasts from Samsung and AMD that also weighed on Japan's **Nikkei**. The **dollar index** and **gold** prices were stuck in a tight range. **Oil** prices rose, supported by OPEC+'s decision to make its largest supply cut since

2020.

STOCKS TO WATCH

• **Shopify Inc:** The European Commission said the e-commerce business has committed to put in place improvements aimed at making online shopping safer for customers, according to a statement. Shopify committed to change the design of its templates to include fields for company information and contact details, to provide clear guidance to traders on relevant EU consumer law and to provide company details about any EU trader when requested by any national consumer authority. The company also agreed to take down web shops in breach of EU consumer law, as well as to provide the relevant company details. "Almost 75% of internet users in the EU are shopping online. This is a huge market for scammers and rogue traders to exploit, and they will continue to do so unless we act," EU Commissioner for Justice, Didier Reynders said. "We welcome Shopify's commitment to ensure that traders operating on its platform are aware of their responsibilities under EU law, and are taken down if they break the rules," he said.

ANALYSIS

Texas agency may keep BlackRock funds in test for new fossil fuel law

The impact of a new "anti-woke" Texas law designed to protect fossil fuel companies is about to be tested after state agencies reported their holdings in BlackRock and other firms that have been censured by State Comptroller Glenn Hegar.

ANALYSTS' RECOMMENDATION

- **Hardwoods Distribution Inc:** Canaccord Genuity cuts target price to C\$37 from C\$59, to reflect the weakness in the U.S. existing home sales and permits.
- **Medexus Pharmaceuticals Inc:** Canaccord Genuity raises target price to C\$3 from C\$2.75, after the company reported better-than-expected preliminary second-quarter revenue.
- **Nuvista Energy Ltd:** CIBC raises target price to C\$17 from C\$15, by expecting the company to allocate free cash flow towards a combination of shareholder returns and growth next year.

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

0830 **Average hourly wages permanent employee yy** for Sept: Prior 5.60%
0830 **Employment change** for Sept: Expected 20,000; Prior -39,700
0830 **Unemployment rate** for Sept: Expected 5.4%; Prior 5.4%
0830 **Full time employment change SA** for Sept: Prior -77,200
0830 **Part time employment change SA** for Sept: Prior -37,500
0830 **Participation rate** for Sept: Prior 64.8%

COMPANIES REPORTING RESULTS

October 7:

MTY Food Group Inc: Expected Q3 earnings of C\$1.09 per share

October 10:

No major companies are scheduled to report for the day.

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

0830 **MTY Food Group Inc:** Q3 earnings conference call
1100 **TransGlobe Energy Corp:** Shareholders Meeting

EX-DIVIDENDS

(All analysts' estimates are according to I/B/E/S Refinitiv data.)

(Morning News Call - Canada edition will not be published on Monday, October 10, on account of the Thanksgiving Day holiday)

PICTURE OF THE DAY



Demonstrators take part in a protest against the Islamic regime of Iran and the death of Mahsa Amini in front of the Iranian Embassy in Madrid, Spain, October 6. REUTERS/Juan Medina



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