

The LeBlanc Report

Week of February 1st, 2021

Market Overview: January 25th – January 29th, 2021

Market Recap

Stocks rose following strong corporate earnings and as investors welcomed restrictions on the social media driven trading frenzy. **Treasury yields** rallied following the U.S. GDP data that was not as weak as initially feared. The **dollar** fell, as risk sentiment improved. **Silver** gained as rumors about a GameStop-style squeeze permeated the market, while **gold** was down. **Oil** prices fell fueled by demand concerns over delay in vaccine rollouts and fresh travel curbs.

Coming Up In U.S.

- On the U.S. economic calendar, **personal consumption expenditure** for December is expected to show a 0.4% dip, after a similar drop in the month before. The **core PCE index** data for December is likely to rise 0.1% after remaining flat in the previous month. The University of Michigan's **consumer sentiment index** data is also scheduled for release. The final reading is likely to remain unchanged at 79.2 for January. The National Association of Realtors is expected to release **pending home sales** data for December. It is likely to fall 0.1%, following a 2.6% drop in the previous month. Separately, the Commerce Department is expected to release **personal income** data for December. It is likely to have risen 0.1%, after slipping 1.1% in the previous month.
- **Caterpillar Inc** is scheduled to release fourth-quarter results in premarket hours. The company is expected to report a lower profit, but investors will likely focus on the outlook for 2021.
- **Eli Lilly and Co** is likely to report fourth-quarter results. It is expected to show a profit, boosted by sales of its COVID-19 antibody treatment and its cancer drugs. Investors will look out for comments on demand for the antibody treatment and on how likely the therapy will be effective against new emerging variants of COVID-19.

U.S. Top News

• Online investor army takes wallop with trading barriers

An army of retail investors that has routed Wall Street's professionals in recent days was dealt a blow, after online brokerages Robinhood Markets and Interactive Brokers restricted trading in red-hot GameStop and several other social-media darlings stocks that had soared this week.

• American Airlines, Southwest post record losses and signal need for more aid

American Airlines and Southwest Airlines posted their biggest-ever annual losses and indicated a need for additional government aid as the industry continues to reel from the coronavirus pandemic.

• Facebook oversight board overrules company on most cases in first test

Deciding its first-ever cases, Facebook's oversight board ruled that the social media company was wrong to remove four of five pieces of content the board reviewed, including posts Facebook took down for violating rules on hate speech and harmful COVID-19 misinformation.

- **McDonald's expects U.S. to deliver 2021 growth after profit miss**

McDonald's expects overall sales growth in the "low double digits" in 2021, forecasting that an increase in its U.S. market would be offset by the impact of the COVID-19 pandemic in parts of Europe.

- **WeWork in talks to go public through SPAC deal**

WeWork is in talks to go public through a merger with a special purpose acquisition company (SPAC) and is also exploring raising funds from private investors, a little over a year after its botched initial public offering (IPO), according to a source familiar with the matter.

Coming Up In Canada

- Canada is expected to release **gross domestic product** data for November. It is likely to remain unchanged at 0.4% from the previous month. Meanwhile, the country's **producer prices** data for December is also due. It fell 0.6% in November.

Canada Top News

- **Cenovus ups 2021 oil production and spending forecast after Husky deal**

Canada's Cenovus Energy forecast higher production and spending for 2021 after its purchase of rival Husky Energy but stressed its focus on cutting debt as the oil industry rebounds from the depths of the COVID-19 pandemic.

- **Rogers Communications misses revenue estimates as media business hit**

Canada's Rogers Communications reported fourth-quarter revenue that fell short of Wall Street estimates, as the company's media business took a hit due to advertising shortfalls and the postponement of live sporting events.

- **Reddit raiders swarm silver stocks as GameStop, BlackBerry retreat**

Shares of silver mining companies were swept up into retail investors' battle with Wall Street, with some notching double-digit gains driven by social-media hyped stock buying.

- **Turquoise Hill seeks interim order in funding spat with Rio for Mongolia mine**

Canada's Turquoise Hill Resources said it has sought an interim order in its arbitration against Rio Tinto, saying the majority shareholder's actions limit Turquoise's funding options for the Oyu Tolgoi project.

Insight and Analysis

- **Short sellers face derision, death threats and unexplained pizza**

Making money by betting a company's shares will sink in value has become more challenging in recent weeks as markets rocketed higher and a growing wave of investors became ready to take on short sellers at almost any cost - even threatening their lives.

- **Racing the virus: Why tweaking vaccines to fight variants won't be simple**

After developing and rolling out COVID-19 vaccines at record speed, drug makers are already facing variants of the rapidly-evolving coronavirus that may render them ineffective, a challenge that will require months of research and a massive financial investment, according to disease experts.

- **U.S. Congress just improved Medicare enrollment, but punted on an important fix**

Signing up for Medicare is too complicated - the process is fraught with potential errors that can saddle you with costly penalties and gaps in coverage while you wait for enrollment to kick in. ¹

Please contact LeBlanc Group at leblanc.group@cgf.com or by phone at 604.661.7839 to learn more. You can visit our website by following the link <http://www.leblancgroup.ca/>.

All information is given as of the date appearing in this document and Canaccord Genuity Wealth Management (CGWM) does not assume any obligation to update it or to advise on further developments related. All this information has been compiled from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it do CGWM assume any liability.

All views expressed in this document are provided for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities. The statements expressed herein are not intended to provide tax, legal or financial advice, and under no circumstances should be construed as a solicitation to act as a securities broker or dealer in any jurisdiction. All views are intended for general circulation to clients and do not have any regard to the specific investment objectives, financial situation or general needs of any particular person.

Forward-looking statements and past performance are not guarantees of future results. To the fullest extent permitted by law, neither CGWM nor its affiliates or any other person accepts any liability whatsoever for any direct or consequential loss arising from any use of the information contained in this document. Canaccord Genuity Wealth Management in Canada is a division of Canaccord Genuity Corp. Member – Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada.

Investing in any of the securities mentioned above may not be suitable for all investors, as there are different types of risks involved with these investment strategies. Even if suitable to your level of risk tolerance, any or some of those securities may not be appropriate for your portfolio, depending on what other investments you hold. Please note that, from time to time, we may have personal investments in any or some of those securities and that past performance may not be repeated. Please do not hesitate to contact us should you want to know more about them or have any related questions.

¹ January 2021. Refinitiv. The Day Ahead.