NATIONAL BANK FINANCIAL

The Week at a Glance

February 6th, 2015

THE WEEK IN NUMBERS

(February 2nd – February 6th)

Private Wealth Management Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	17,930.76	765.81	4.46%	0.60%	14.73%	16.1
S&P 500	2,070.50	75.51	3.78%	0.56%	16.75%	18.1
Nasdaq Composite	4,780.49	145.25	3.13%	0.94%	17.83%	32.6
S&P/TSX Composite	15,158.12	484.64	3.30%	3.59%	10.54%	20.1
Dow Jones Euro Stoxx 50	3,398.16	46.72	1.39%	8.00%	12.87%	23.0
FTSE 100 (UK)	6,853.44	104.04	1.54%	4.38%	4.50%	21.6
DAX (Germany)	10,846.39	152.07	1.42%	10.61%	17.17%	18.6
Nikkei 225 (Japan)	17,648.50	-25.89	-0.15%	1.13%	24.68%	20.0
Hang Seng	24,679.39	172.34	0.70%	4.55%	15.20%	10.4
MSCI World	1,727.49	49.95	2.98%	1.04%	8.46%	17.9
MSCI EAFE	1,820.75	38.05	2.13%	2.58%	-0.62%	17.1

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	1,916	35.26	1.88%	1.84%	29.80%	25.6
S&P TSX Consumer Staples	3,788	-90.66	-2.34%	0.59%	46.69%	34.3
S&P TSX Energy	2,771	140.37	5.34%	3.05%	-5.60%	21.6
S&P TSX Financials	2,285	126.56	5.86%	-0.41%	12.76%	13.1
S&P TSX Health Care	2,433	26.27	1.09%	20.08%	34.47%	69.0
S&P TSX Industrials	2,512	122.69	5.13%	4.13%	25.55%	21.9
S&P TSX Info Tech.	208	4.91	2.41%	8.00%	36.85%	45.5
S&P TSX Materials	2,235	-48.40	-2.12%	12.98%	-0.57%	78.7
S&P TSX Telecom Services	1,333	-17.09	-1.27%	4.50%	15.80%	17.9
S&P TSX Utilities	2,065	-21.71	-1.04%	5.20%	13.03%	33.6

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2015E
Oil-WTI futures (US$/Barrels)	$51.98	3.74	7.75%	-2.42%	-46.87%	$55.00
Natural gas futures (US$/mcf)	$2.60	-0.09	-3.38%	-10.00%	-47.27%	$2.90
Gold Spot (US$/OZ)	$1,232.61	-51.16	-3.99%	4.03%	-2.03%	$1,250.00
CRB Index	224.47	5.63	2.57%	-2.39%	-21.85%	NA

CURRENCIES in US$	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF 4Q 2015E
Cdn$	0.7982	0.0128	1.63%	-7.24%	-11.64%	0.83
Euro	1.1325	0.0034	0.30%	-6.39%	-16.67%	1.15
Pound	1.5247	0.0187	1.24%	-2.12%	-6.59%	1.50
Yen	0.0084	-0.0001	-1.33%	0.48%	-14.28%	0.0078125

Source: Bloomberg, NBF Research Approximate time: 11:30 am

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FIXED INCOME NUMBERS

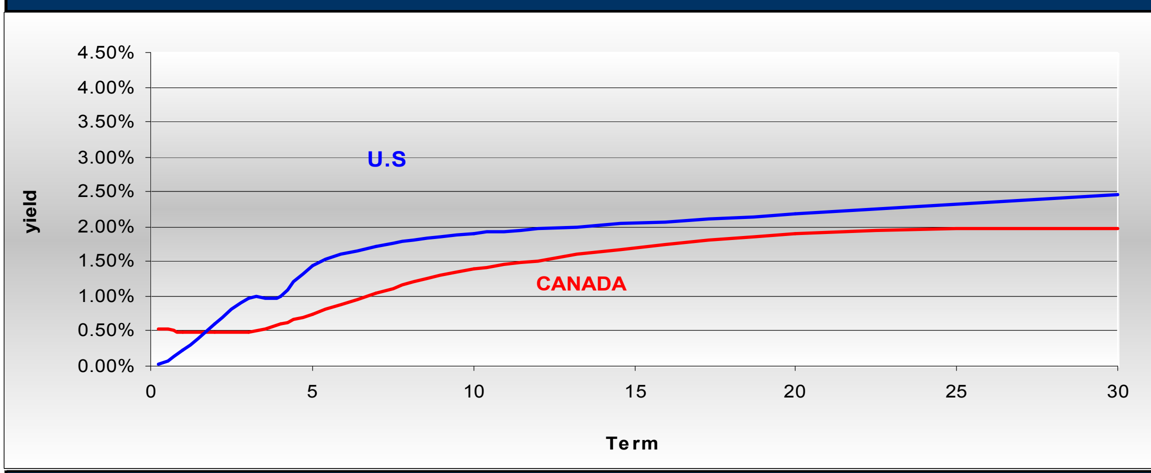
THE WEEK IN NUMBERS
(February 2nd – February 6th)

CANADIAN YIELD CURVE	Last yield	Change Week in bps	Change YTD in bps	Change One Year in bps
CDA Overnight	0.75%	0.0	-25	-25
3 Month T-Bill	0.53%	-5.3	-39	-35
2 Yr Canada Government	0.48%	8.3	-54	-50
5 Yr Canada Government	0.74%	13.7	-60	-85
10 Yr Canada Government	1.39%	14.3	-39	-100
30 Yr Canada Government	1.97%	13.9	-36	-102

CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
DEX Universe Bond Index	0.30%	3.71%
DEX Short Term Bond Index	0.10%	1.61%
DEX Mid Term Bond Index	0.24%	3.66%
DEX Long Term Bond Index	0.57%	5.60%

US YIELD CURVE	Last yield	Change Week in bps	Change YTD in bps	Change One Year in bps
U.S. FED Funds	0.25%	0.0	0	0
3 Month T-Bill	0.02%	1.5	-2	-4
2 Yr US Bonds	0.61%	16.5	-5	30
5 Yr US Bonds	1.43%	27.3	-22	-6
10 Yr US Bonds	1.90%	25.6	-27	-77
30 Yr US Bonds	2.46%	23.9	-29	-119

CURRENT YIELD CURVE



CANADIAN 5YR SPREADS	Last spread in basis points (bp)	Change Week in bps	Change YTD in bps	Change One Year in bps
CAD Housing Trust AAA	32	0.1	-2	5
Province Quebec	43	-16.5	-5	-6
Province Ontario	51	-0.6	-6	11
Canada Corp BBB	150	-6.1	4	14
Canada Corp Bank AA	89	-6.5	-1	-6

CDN & US 10 YR SPREADS	Last spread in basis points (bp)	Change Week in bps	Change YTD in bps	Change One Year in bps
Province Quebec	67	-2.7	-22	-25
Province Ontario	75	6.6	-16	-7
Canada Corp BBB	175	-3.5	-7	-21
US Finance AA	73	-14.3	-4	-6
US Corp BBB	161	-15.8	-5	5

Sources: Bloomberg & PC Bonds

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WEEKLY ECONOMIC WATCH - WEEK IN REVIEW

CANADA – **Employment** jumped 35K in January according to the Labour Force Survey, easily topping consensus which was looking for an increase of just 5K. The gains, coupled with an unchanged participation rate at 65.7%, allowed the jobless rate to drop one tick to 6.6%. The increase in January employment was entirely due to self-employment which soared 41K, more than offsetting declines in paid jobs (-6K). The decline in paid jobs was entirely in the public sector (-7K), which dwarfed the 1K increase in the private sector. The goods sector added 10K jobs as gains in manufacturing, agriculture, utilities and construction more than offset the 9K decline in resources. Services sector employment rose 26K with gains in professional services, health care and education among others, more than offsetting declines in trade, transport/warehousing and finance/insurance/real estate. Fulltime employment fell 12K, while part-time employment was up 47K. Hours worked rose 0.1%.
All told, the employment report was good on the headline but less so in the details since the job gains were entirely due to part-time and self-employment. The decline in the resources sector shouldn't be surprising considering the headwinds blowing over the oil patch. It is encouraging, however, that employment increased in cyclical sectors like manufacturing and construction. Despite the consensus-topping job gains in January, we remain cautious about the Canadian jobs outlook. Considering that 84% of the employment gains last year were in Western Canada, something that will likely not be repeated in light of the oil slump, we continue to expect a moderation in overall job growth this year.

Building permits rose 7.7% in dollar terms in December, much better than the 5% increase expected by consensus. There was a 23% increase in the value of non-residential permits, but the residential sector was roughly flat as a 9.5% decline for multis offset an 8% advance for singles. In real terms, residential permits fell 5.6% with declines for multis (-11.9%) dwarfing the 5.5% increase for singles.

The **merchandise trade deficit** widened to C$0.65 bn in December. The deterioration in the trade balance was due to nominal imports (+2.3%) rising faster than nominal exports (+1.6%). Nominal exports could have been better were it not for the energy slump (-10.3%, entirely due to prices) and weaker sales of aircrafts/parts, which offset increases in other categories including autos/parts (+3.4%) and machinery. Imports were driven by energy which soared 9.3%. As a result, the energy trade surplus fell to C$5.1 bn, the lowest in two years. The non-energy trade deficit narrowed to C$5.7 bn, the smallest deficit in five months. In real terms, Canada's exports jumped 3.8% in December, while imports increased 2.3%. The overall quarterly picture, however, wasn't that great given the poor start to Q4. Export volumes contracted at an annualized pace of 3% in Q4, while imports were up 0.5%. So, on net, trade was a drag on the economy in Q4.

UNITED STATES – **Non farm payrolls** rose 257K in January, blowing past consensus which was expecting just a 228K increase. The icing on the cake was the upward revisions to the prior months to reflect more complete data. The private sector added 267K jobs in January. Goods sector employment rose 58K thanks to gains in manufacturing and construction which offset declines in mining. The private services sector created a net 209K jobs with broad based gains. Government lost 10K jobs, a first decline in twelve months. Average hourly earnings rose 0.5% while aggregate hours worked increased 0.2%. Released at the same time, the **household survey** (similar in methodology to Canada's LFS) showed a gain of 435K jobs after removing the population control effect. However, the jobless rate rose one tick to 5.7% because the participation rate jumped two ticks to 62.9%. The revised nonfarm payrolls show that the U.S. created 3.1 million jobs last year, the best performance since 1999. The 3 million private sector jobs created in 2014 are the best since 1997. It's encouraging that factories continue to increase payrolls despite the headwinds (particularly to exporters of manufacturing goods) brought by the appreciating U.S. dollar. We expect overall employment to remain strong this year in synch with a strengthening U.S. economy. That's not to say the Fed will get aggressive with rate hikes. Despite the solid labour market, wage inflation generally remains tame, and that explains in part why overall PCE core inflation remains weak and well below the Fed's target.

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The **ADP employment report**, a gauge of the private sector component of the U.S. non-farm payrolls, showed a 213K increase in January. The prior month was revised up to 253K (from 241K). The ADP's job gains in January were mostly in medium-sized firms which added 95K to payrolls, while small firms i.e. those employing less than 50 employees added 78K. Large firms (500+ employees) increased payrolls by just 40K.

Weekly jobless claims data for the week of January 31st showed initial claims rising to 278K (from an upwardly revised 267K in the prior week). That was better than the 290K expected by consensus. The more reliable 4-week moving average fell to 293K. Continuing claims for the prior week rose 6K to 2.4million.

The **ISM manufacturing index** fell to 53.5 in January (from a downwardly revised 55.1 in the prior month) disappointing consensus. That was the lowest ISM in a year. The production, new orders and employment indices all fell a bit but, more importantly, all those major sub-indices remained comfortably above 50, i.e. in expansion territory.

The **non-manufacturing ISM** index rose to 56.7 in January from an upwardly revised 56.5 in the prior month. That was a bit higher than consensus which was expecting a print of 56.4. After the prior month's plunge, the business activity index bounced back to 61.5. Ditto for the new orders sub-index which rose to 59.5. However, the employment sub-index fell again to reach 51.6, the lowest since February last year.

Personal income rose 0.3% while **personal spending** fell 0.3% in December. With income rising faster than spending, the savings rate rose to 4.9%, the highest since July. In real terms, disposable income jumped 0.5% while spending was down 0.1%, albeit after a gain of 0.7% in the prior month. The **PCE deflator** fell 0.2% in December, allowing the year-on-year rate to fall to just 0.7%, the lowest since October 2009. The core PCE deflator was flat, pushing the annual core rate down one tick to 1.3% (from 1.4%).

Construction spending rose 0.4% in December (versus expectations of a 0.7% increase) due to gains in both the non residential sector (+0.4%) and residential sector (+0.4%).

The **factory report** showed a 3.4% drop in orders in December, after a 1.7% drop in the prior month (the latter was revised from -0.7%). Transportation orders fell 9.1%. Excluding transportation, new factory orders fell 2.3% due to declines for both non-durables (-3.4%) and durables (-0.8%). Total factory shipments dropped 1.1%, as declines for non-durables (-3.4%) dwarfed the 1.3% increase for durables.

The **trade deficit** widened to $46.6 bn in December from the prior month's deficit of $39.8 bn. The deterioration in the trade balance was due to rising imports (+2.2%) and falling exports (-0.8%) in nominal terms. In real terms, exports were flat, while imports rose 3.5%. For Q4 as a whole, real exports grew 5% annualized while real imports were up 9.5%. So the report confirms that trade was a net drag on the economy in Q4. The drag was a bit larger than estimated by the BEA in its advance estimate, meaning that there could be some downward revisions to Q4 GDP.

Business non-farm labor productivity fell 1.8% annualized in the fourth quarter of the year, worse than the 0.1% expansion expected by consensus. That came after an upwardly revised Q3 productivity expansion of 3.7% (previously reported as +2.3%). The decrease in Q4 productivity was a result of hours worked (+5.1%) growing faster than output (+3.2%). Unit labour costs rose 2.7% in the quarter.

WORLD – The Bank of England left monetary policy unchanged at its meeting this week. In contrast, the Reserve Bank of Australia decided to lower its target interest rate by 25 basis points to just 2.25%. In the Eurozone, the producer price index fell again in December, taking the annual PPI inflation rate to -2.7%. Retail spending, also for the month of December, rose 0.3%.

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PROVINCIAL ECONOMIC OUTLOOK UPDATE

We have lowered our forecast for the price of WTI oil from US$60 to US$55 for 2015 and from US$70 to US$65 for 2016. Our forecasts for inflation, interest rates and the exchange rate have been revised accordingly. Taken together, these changes entail a reduction of our forecast of Canadian economic growth from 2.2% to 2.0%. For the three main oil-producing provinces the revisions are of course negative and larger. For the energy-importing provinces they are positive but smaller.

For **Alberta** we now expect real GDP growth of barely 0.1% in 2015 and a decline of 5.6% in nominal GDP. Alberta's oil output will be less than we forecast in December because of this winter's downward revision of prices. Winter is drilling season for conventional wells, and for conventional extraction, a reduction in cash flow has a rather immediate effect on drilling. But the dominant factor in our revision was the early-January series of announcements of oilsands investment cutbacks as the WCS price fell to C$35. We have also lowered our forecast for housing starts. Further considerations are the resulting effects on employment and therefore consumer spending, and the additional restrictive measures the government will take to counter the impact on public finances.

In **Saskatchewan**, in addition to cutbacks in oil patch production and investment and lower royalties to the provincial government, housing starts have been revised downward, mainly in response to a continuing buildup of unabsorbed new housing in the Regina and Saskatoon markets. In **Newfoundland and Labrador**, one of the partners in the extension of the offshore White Rose field has announced a further reduction of capital spending on this site, damping the outlook for employment in the province's construction industry and for provincial government revenues. In our view, N.L. real GDP will nevertheless expand in 2015, since oil production fell 6% in 2014, because of temporary shutdowns, and producers' shipments of iron ore fell 23%, because of a mine closing.

We have revised up **Ontario**'s real economic growth in 2015 from 2.7% to 2.8%, with nominal GDP growth of 3.3%, mainly to reflect slightly stronger outlooks for consumer spending and volume international exports, offset in part by a decline of volume interprovincial exports in consequence of the decline of oil patch investment. In this forecast, Ontario's real economic growth will be the strongest among the provinces in 2015. For reasons similar to those applying to Ontario, we have revised up **Quebec**'s real economic growth in 2015 from 1.9% to 2.0%, with nominal growth of 3.0%.

For **British Columbia**'s real GDP growth in 2015, our forecast is unchanged. The effect of increased U.S. homebuilding on demand for B.C. lumber will be braked by the effect on supply of the ravages of the mountain pine beetle, and the remaining boost to the B.C. economy will probably be offset by the effect of the decline of natural gas prices on gas field investment and exploitation. In **Manitoba**'s economy, manufacturing looms larger than oil, justifying a slight upward revision of our GDP forecast.

We have also revised up **Nova Scotia** and **New Brunswick** economic growth, though these provinces are energy producers (natural gas in the former, mainly refined petroleum products in the latter). The volume exports of these two provinces are likely to be higher than previously forecast, especially exports of fish products, processed food, forest products and, in the case of Nova Scotia, tires. For **Prince Edward Island**, manufacturing is relatively important and is likely to benefit from increased U.S. demand. A cheaper Canadian dollar can also be expected to stimulate cross-border tourism..

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Provincial economic forecast

	2012	2013	2014e	2015f	2016f	2012	2013	2014e	2015f	2016f
	Real GDP (% growth)					**Nominal GDP (% growth)**				
Newfoundland & Labrador	-4.5	7.2	-1.6	1.5	-1.5	-3.4	10.7	-1.7	-5.7	1.9
Prince Edward Island	1.0	2.0	1.0	1.8	1.7	1.9	5.0	3.3	3.3	3.2
Nova Scotia	-0.3	0.3	1.7	2.3	2.0	-0.4	2.4	3.8	2.8	3.6
New Brunswick	-0.4	-0.5	0.7	1.8	1.9	1.1	0.5	2.6	3.3	3.4
Quebec	1.5	1.0	1.6	2.0	1.7	3.4	1.5	3.5	3.0	3.3
Ontario	1.7	1.3	2.0	2.8	2.1	3.2	2.4	4.2	3.3	3.7
Manitoba	3.3	2.2	2.0	2.6	2.4	6.0	3.7	4.0	3.9	4.0
Saskatchewan	3.1	5.0	0.9	1.2	1.7	5.7	5.5	2.7	0.1	4.5
Alberta	4.5	3.8	4.3	0.1	2.2	5.6	7.1	7.3	-5.6	5.4
British Columbia	2.4	1.9	2.3	2.5	2.5	2.3	3.2	4.4	4.1	4.0
Canada	1.9	2.0	2.4	2.0	2.0	3.5	3.4	4.5	1.5	3.9
	Employment (% growth)					**Unemployment rate (%)**				
Newfoundland & Labrador	3.7	1.1	-1.9	-1.0	0.0	12.4	11.5	12.0	11.8	11.6
Prince Edward Island	1.6	1.6	-0.4	1.3	1.2	11.2	11.5	10.5	9.5	8.3
Nova Scotia	1.0	-1.0	-1.1	1.1	1.4	9.2	9.0	8.9	7.6	6.7
New Brunswick	-0.6	0.2	-0.2	0.2	0.9	10.3	10.3	9.9	9.3	8.4
Quebec	0.8	1.2	-0.1	0.7	0.6	7.7	7.6	7.8	7.6	7.4
Ontario	0.7	1.8	0.8	0.8	1.1	7.9	7.6	7.3	7.3	7.1
Manitoba	1.6	0.7	0.1	1.5	1.5	5.4	5.4	5.4	5.4	5.2
Saskatchewan	2.5	2.9	1.0	0.6	1.0	4.7	4.1	3.8	4.0	4.2
Alberta	3.5	2.4	2.2	0.0	0.8	4.6	4.6	4.7	5.1	5.3
British Columbia	1.6	0.1	0.6	1.5	1.4	6.9	6.6	6.1	5.9	5.7
Canada	1.3	1.4	0.6	0.8	1.0	7.3	7.1	6.9	6.8	6.7
	Housing starts (000)					**Consumer Price Index (% growth)**				
Newfoundland & Labrador	3.9	2.9	2.1	2.2	1.9	2.1	1.7	1.9	0.3	2.3
Prince Edward Island	0.9	0.6	0.5	0.5	0.6	2.0	2.0	1.6	0.1	2.1
Nova Scotia	4.5	3.9	3.1	3.0	3.1	1.9	1.2	1.7	0.1	2.2
New Brunswick	3.3	2.8	2.3	2.3	2.2	1.7	0.8	1.5	0.1	2.2
Quebec	47.4	37.8	38.8	37.0	36.2	2.1	0.8	1.4	0.3	2.2
Ontario	76.7	61.1	59.1	62.0	60.0	1.4	1.1	2.4	0.5	2.3
Manitoba	7.2	7.5	6.2	6.3	6.3	1.6	2.3	1.9	0.3	2.2
Saskatchewan	10.0	8.3	8.3	7.1	6.7	1.6	1.4	2.4	0.3	2.2
Alberta	33.4	36.0	40.6	25.0	24.0	1.1	1.4	2.6	0.4	2.3
British Columbia	27.5	27.1	28.4	28.3	29.0	1.1	-0.1	1.0	0.4	2.3
Canada	214.8	187.9	189.3	173.7	170.0	1.5	0.9	2.0	0.5	2.3

e: estimate f: forecast

Historical data from Statistics Canada and CMHC, National Bank of Canada's forecast.

NBF ECONOMIC & STRATEGY TEAM

FOREX – FEBRUARY 2015
Competitive devaluation

- The U.S. dollar continues to benefit from the divergence of monetary policy. The stronger U.S. economy has raised the probability of rate hikes by the Fed at a time when several other major central banks have seemingly adopted competitive devaluation strategies by not only increasing stimulus but also signalling their intent to continue on that path. So, the greenback has room to run over the near to medium term. That said, we expect a moderation in the rate of USD appreciation this year. Low inflation will cap the Fed's abilities to significantly tighten monetary policy, while some unwinding of the massive speculative long positions could also take some steam out of the greenback.

- The European Central Bank's quantitative easing program, slated to start in March, is significant. While the ECB's balance sheet may not surpass the Fed's in absolute terms, it will do so in relative terms — as a percentage of the size of the respective economies, the ECB's balance sheet will be larger than the Fed's. Such currency debasement policies should hurt the euro. Recall that the trade-weighted U.S. dollar sank 18% from peak to trough during the Fed's own QE program.

- The Canadian dollar has lost more than 20% of its value against the U.S. dollar in the last two years. That said, the loonie's decline hasn't been as drastic against other currencies considering competitive devaluations by other central banks. So, while the Bank of Canada said its surprise January rate cut was an "insurance policy" against downside risks to inflation and financial stability, the loonie's relative competitiveness and preservation of market share may also have been at the back of Governor Poloz's mind. We expect the BoC to deliver another rate cut at its March meeting, something that should keep the Canadian dollar under pressure over the near term. That's not the say the loonie will remain on a downtrend. A recovery in oil prices should help offset headwinds generated by unfavourable yields and provide some support to the Canadian dollar.

NBF Currency Outlook*

	Current *3-Feb-15*	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1
USDCAD	1.24	1.26	1.27	1.28	1.27	1.25
US cents per CAD	*0.80*	*0.80*	*0.79*	*0.78*	*0.79*	0.80
EURUSD	1.15	1.14	1.13	1.12	1.10	1.10
USDJPY	117	118	120	122	125	125
AUDUSD	0.78	0.76	0.75	0.75	0.74	0.74
GBPUSD	1.51	1.50	1.49	1.48	1.47	1.47
USDCNY	6.26	6.27	6.28	6.28	6.29	6.29
AUDCAD	0.96	0.96	0.95	0.96	0.94	0.93

** forecasts for end of period*
Source: NBF Economics and Strategy

IN THE NEWS

U.S. and Canadian News

Monday February 2nd, 2015

- **U.S. consumer spending weakest since 2009**
  Consumer spending, which accounts for more than two-thirds of U.S. economic activity, fell 0.3 percent after a 0.5 percent gain in November.
- **U.S. manufacturing sector growth slows in January**
  The Institute for Supply Management (ISM) said its index of national factory activity fell to 53.5 from 55.1 the month before. The reading was shy of expectations of 54.5.
- **Obama proposes $3.99 trillion budget, sets up battle with Republicans**
  The budget foresees a $474 billion deficit, which is 2.5 percent of U.S. gross domestic product. It projects deficits stabilizing at that rate over a 10-year period.
- **RadioShack in Talks to Sell Half Its Stores to Sprint**
  RadioShack Corp. is preparing to shut down the almost-century-old retail chain in a bankruptcy deal that would sell about half its store leases to Sprint Corp. and close the rest.
- **Calgary's housing market under pressure as new listings, inventory soar**
  The Calgary Real Estate Board said January new listings were up 31.7% from a year ago while the inventory of homes rose 113.4%. A year ago, there was 1.52 months of supply in the system. At the end of last month, that number was 5.29 months.

Tuesday February 3rd, 2015

- **Factory orders fall 3.4% in December**
  New orders for factory-made goods in the U.S. sank 3.4% in December to mark the fifth straight decline. The latest drop suggests that manufacturers may have scaled back production owing to a stronger dollar and weak economic growth overseas that's made it harder to sell American-made goods. Inventories also declined for the first time in 19 months, down 0.3%. Excluding transportation, new factory orders fell a smaller 2.3%.
- **Automakers Report Best January in 7 Years**
  Major automakers all reported their best January U.S. vehicles sales in at least seven years, led by General Motors Co., as cheap gasoline and falling unemployment also buoyed sales at Ford Motor Co., Toyota Motor Corp. and Nissan Motor Co.
- **Canada Factory Raw-Material Costs Drop Most in 6 Years on Oil**
  The raw-materials price index decreased 7.6 percent in December, as conventional oil prices dropped 17.0 percent. Economists predicted the index would fall 9.0 percent. The industrial product price index slipped 1.6 percent in December.
- **Staples and Office Depot Surge After Discussing Merger**
  Staples Inc. and Office Depot Inc. shares soared after the two retailers were said to enter merger talks, bowing to pressure from activist investor Starboard Value to pool their resources.

Wednesday February 4th, 2015

- **Hiring in U.S. Tops 200,000 for Fifth Straight Month**
  The 213,000 increase in employment followed a 253,000 December gain that was larger than initially reported, ADP Research Institute showed. The median projection of economists called for an advance of 223,000.
- **U.S. service firms grow faster in January but scale back employment: ISM**
  The Institute for Supply Management said its nonmanufacturing index edged up to 56.7% from 56.5% in December. Just three months ago, the index had hit a nine-year high. The new orders index rose 0.3 points to 59.5%, but the employment gauge fell 4.1 points to 51.6%, the lowest level in 11 months.
- **Oil Inventories Jump With U.S. Output at Three-Decade High**
  Inventories climbed 6.33 million barrels to 413.1 million last week, extending the four-week gain to 30.7 million. The four-week gain and the total were the most since the EIA began compiling the data weekly in 1982.

Thursday February 5th, 2015

- **Trade Gap Swells as Americans Buy Imported Cars, Oil**
  The gap jumped 17.1 percent to $46.6 billion, the widest since November 2012, from a revised $39.8 billion in November.
- **Jobless Claims Rise by 11,000, 4Q Productivity Falls 1.8%**
  U.S. jobless claims increased by last week, but remained lower than expectations at 278,000 while fourth-quarter productivity lowed by 1.8 percent.
- **Pfizer Flexes Muscle With Priciest Purchase of Decade**
  The company is buying injectable-medicine maker Hospira Inc. for about $17 billion, or $90 a share, a price that Hospira's stock has never come close to on its own. In turn, Pfizer gains a steadily growing business to tack onto its established drugs unit that it has discussed spinning off.
- **Canada's trade deficit less than forecast**
  The deficit of $649 million followed a November shortfall that was revised to $335 million from $644 million. Economists forecast a December deficit of $1.1 billion.

Friday February 6th, 2015

- **Jobs Report Crushes Expectations**
  The 257,000 advance in payrolls last month followed a 329,000 gain in December that was bigger than previously reported. The median forecast called for a 228,000 increase. The unemployment rate climbed to 5.7 percent as the improving job market lured more Americans into the labor force.
- **Canada January Job Gain Exceeds Forecasts**
  Employment rose by 35,400 and the jobless rate fell to 6.6 percent from 6.7 percent. Economists expected no change in the unemployment rate and 5,000 new jobs. The actual employment gain exceeded all forecasts.
- **CMHC expects moderation in Canada's housing market this year and next**
  The federal housing agency says housing starts are expected to decline by 1.0% in 2015 compared with 2014 under its base-case scenario, while it expects Multiple Listing Service sales to stay the same and the MLS average price to increase by 1.5%.

Click on title to view the full story.

IN THE NEWS

International News

Monday February 2nd, 2015

- **Rebels pound Ukrainian troops after peace talks fail**
  Separatist rockets streaked across hills in eastern Ukraine as rebels pounded the positions of Ukrainian government troops holding a strategic rail town while both sides pressed ahead with mobilizing more forces for combat.
- **Greece's Damage Control Fails to Budge Euro Officials**
  Officials in Berlin, Paris and Madrid rejected the possibility of a debt writedown raised by Greece's anti-bailout coalition, as they held out the prospect of easier repayment terms, an offer that has been on the table since November 2012.
- **CRH Buys Cement Assets From Holcim-Lafarge for $7.3 Billion**
  CRH Plc agreed to buy 6.5 billion euros of cement assets from Holcim Ltd. and Lafarge SA as the Irish company saw its rivals' need to divest businesses to meet merger demands as an opportunity to grab market share.
- **China January HSBC factory PMI contracts for second month**
  The final HSBC/Markit Purchasing Managers' Index (PMI) for January came in at 49.7 on a seasonally adjusted basis. The number was slightly lower than a preliminary "flash" reading of 49.8 but higher than the final 49.6 in December.

Tuesday February 3rd, 2015

- **Greece Said to Drop Writedown Request Amid EU Opposition**
  Greece retreated from its call on the euro area to write down its debt, and instead proposed to exchange existing borrowings for new bonds linked to the country's growth.
- **RBA's Stevens Cuts Benchmark Interest Rate to 2.25%**
  The Reserve Bank of Australia unexpectedly cut its benchmark interest rate to a new record low and said the local currency remains overvalued, joining a dozen global counterparts in easing this year as commodity prices tumble.
- **Spain sees best Jan. jobless reading since 2007**
  The labor ministry said that jobless claims increased in January--traditionally a bad month for employment in the country--from December by 77,980 to 4.53 million. However, seasonally adjusted claims fell by 42,723, the best reading ever in any month of January.
- **Hong Kong Dec. retail sales worse than expected**
  Hong Kong's retail sales by value fell 3.9% in December from a year earlier, dragged by a wider fall in the sales of valuable goods, a reflection a weaker visitor spending.

Wednesday February 4th, 2015

- **Greece May Run Out of Cash as Early as March**
  As Greece's creditors line up to oppose the country's demand for a debt restructuring, Prime Minister Alexis Tsipras's refusal to accept more bailout loans may result in a cash crunch as early as next month.
- **U.K. Services Growth Accelerated in January**
  Markit Economics said its Purchasing Managers' Index rose to 57.2 from 55.8 in December. The median estimate of economists was for an increase to 56.3.
- **China Joins Wave of Global Easing With Cut to Bank Reserve Ratio**
  China cut the amount of cash banks must set aside as reserves in a bid to boost the supply of loans, as capital outflows and weakness at the nation's factories suggest a slowdown in the world's second-largest economy is deepening. The reserve ratio will fall 50 basis points to 19.5 percent.

Thursday February 5th, 2015

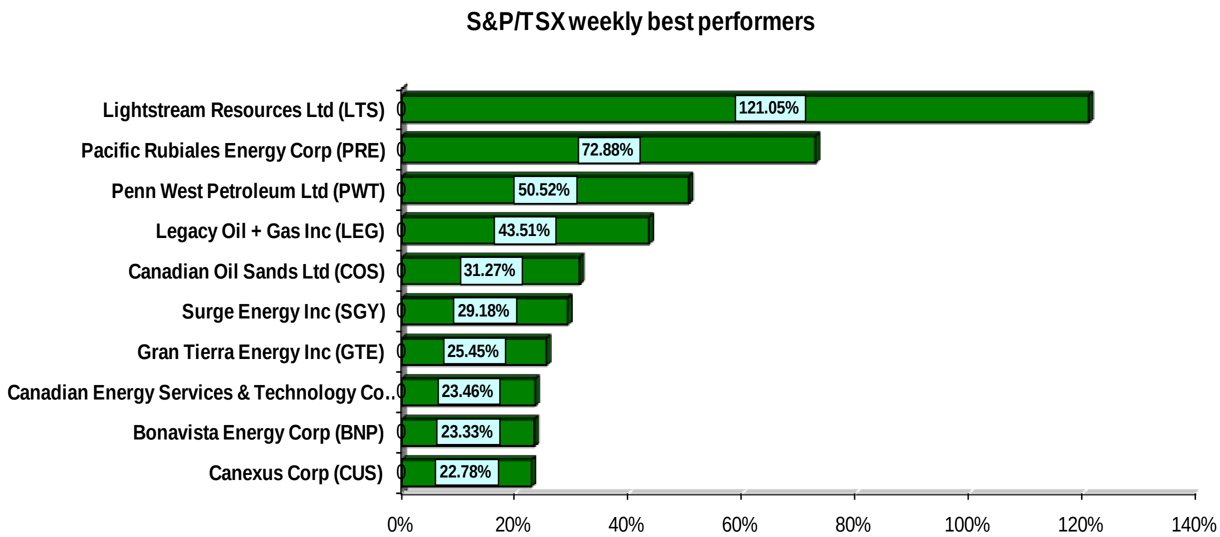
- **ECB Said to Allow Greek Banks 59.5 Billion Euros Lifeline**
  The European Central Bank will allow the Greek central bank to provide as much as 59.5 billion euros in emergency funding for the country's lenders, a euro-area central-bank official familiar with the decision said.
- **EU Raises Growth Forecasts, Cuts Inflation Outlook**
  Gross domestic product in the euro area will rise by 1.3 percent in 2015 and 1.9 percent next year, up from November projections of 1.1 percent and 1.7 percent. It predicts consumer prices will drop 0.1 percent this year before increasing 1.3 percent in 2016.

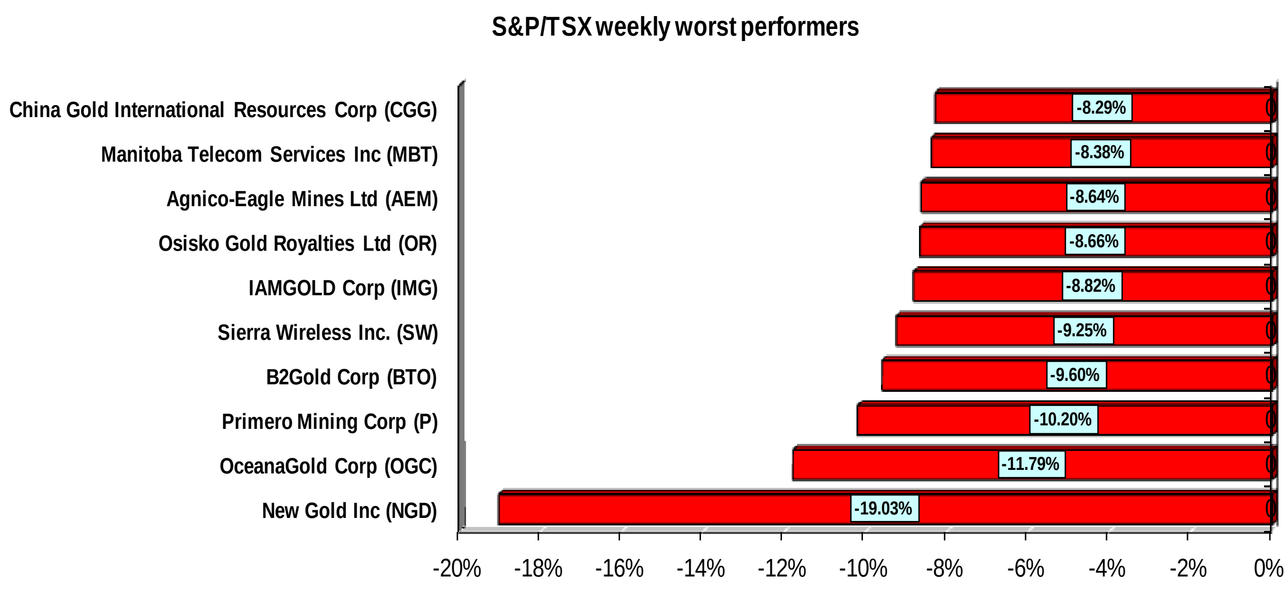
Friday February 6th, 2015

- **China's 2014 Gold Demand Slides 25% After 'Extraordinary' Year**
  Consumption declined to 886.1 metric tons from a record 1,176.4 tons in 2013. Demand for bars sank 59 percent, coin purchases slumped 49 percent and gold use in jewelry contracted 6.9 percent.
- **Greece Seeks Plan C After Eurogroup Rules Out Bridge Loan**
  Euro-area governments won't grant Greece's request for a short-term financing agreement to keep the country afloat while it renegotiates the terms of its financial support.
- **Brazil January Inflation at Fastest Pace in Nearly 12 Years**
  Monthly inflation as measured by the benchmark IPCA index accelerated to 1.24 percent from 0.78 percent in December. That was below a median estimate for a 1.25 percent rise from economists. Annual inflation accelerated to 7.14 percent from 6.41 percent a month earlier, exceeding the target range.

Click on title to view the full story.

S&P/TSX WEEKLY PERFORMERS





The performance is calculated from the close of Friday's previous week until Friday 11:30 a.m. of this week.
Source: Bloomberg, NBF Research

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target	Closing Price
Agnico-Eagle Mines Ltd	AEM	**Sector Perform**	**Outperform**	**C$44.00**	**C$37.00**	C$42.84
Alacer Gold Corp.	ASR	Sector Perform	Sector Perform	**C$3.05**	**C$2.90**	C$3.02
Allied Properties REIT	AP.UN	**Outperform**	**Restricted**	**C$42.00**	**Restricted**	C$39.40
AuRico Gold Inc.	AUQ	Outperform	Outperform	**C$5.75**	**C$5.20**	C$4.85
B2Gold Corp.	BTO	Outperform	Outperform	**C$3.50**	**C$3.30**	C$2.36
BCE Inc.	BCE	**Underperform**	**Sector Perform**	**C$52.00**	**C$53.00**	C$58.97
Blackbird Energy Inc.	BBI	**Outperform**	**UnderReview**	**C$0.70**	**C$0.00**	C$0.35
Bonavista Energy Corporation	BNP	Sector Perform	Sector Perform	**C$9.00**	**C$8.00**	C$7.19
Chorus Aviation Inc.	CHR.B	Sector Perform	Sector Perform	**C$5.00**	**C$4.75**	C$5.27
Cominar REIT	CUF.UN	**Outperform**	**Restricted**	**C$22.50**	**Restricted**	C$19.54
Dalradian Resources Inc.	DNA	Outperform	Outperform	**C$1.30**	**C$1.20**	C$1.01
First Capital Realty	FCR	**Outperform**	**Restricted**	**C$21.00**	**C$0.00**	C$19.80
Franco-Nevada Corp.	FNV	Sector Perform	Sector Perform	**C$74.00**	**C$62.00**	C$71.28
Gildan Activewear Inc.	GIL	Outperform	Outperform	**C$80.00**	**C$78.00**	C$72.87
Intact Financial Corporation	IFC	Sector Perform	Sector Perform	**C$93.00**	**C$80.00**	C$86.90
Intertain Group Limited, The	IT	**Restricted**		**Restricted**		C$17.30
Kaminak Gold Corp.	KAM	Outperform	Outperform	**C$1.40**	**C$1.20**	C$1.13
Kinross Gold Corp	K	Outperform	Outperform	**C$5.10**	**C$4.25**	C$4.28
Luna Gold Corp.	LGC	Underperform	Underperform	**C$0.20**	**C$0.15**	C$4.25
Lydian International Limited	LYD	**Outperform**	**Restricted**	**C$1.30**	**C$0.00**	C$0.56
Manitoba Telecom Services Inc.	MBT	Sector Perform	Sector Perform	**C$26.00**	**C$31.50**	C$23.44
Manitok Energy Inc.	MEI	Outperform	Outperform	**C$1.25**	**C$1.75**	C$0.76
New Gold Inc.	NGD	**Sector Perform**	**Outperform**	**C$5.60**	**C$6.25**	C$4.88
Orezone Gold Corporation	ORE	Outperform	Outperform	**C$0.95**	**C$1.05**	C$0.58
Raging River Exploration Inc.	RRX	**Outperform**	**Restricted**	**C$10.50**	**C$0.00**	C$8.01
Rock Energy Inc.	RE	**Restricted**		**Restricted**		C$2.39
Rubicon Minerals Corp	RMX	Outperform	Outperform	**C$2.00**	**C$41.80**	C$1.46
Sandstorm Gold Ltd.	SSL	Sector Perform	Sector Perform	**C$5.25**	**C$4.25**	C$5.11
ShawCor Limited	SCL	Outperform	Outperform	**C$52.00**	**C$65.00**	C$36.48
Silver Wheaton Corp.	SLW	Outperform	Outperform	**C$35.00**	**C$26.00**	C$29.02
TMX Group	X	Sector Perform	Sector Perform	**C$52.00**	**C$57.00**	C$46.31
TORC Oil & Gas	TOG	Outperform	Outperform	**C$11.00**	**C$9.50**	C$9.40
Uni-Select Inc	UNS	Outperform	Outperform	**C$36.00**	**C$33.00**	C$32.10
WestJet Airlines Ltd	WJA	Outperform	Outperform	**C$38.00**	**C$37.00**	C$30.83
WPT Industrial REIT	WIR.U	**Outperform**	**Restricted**	**US$12.50**	**Restricted**	US$12.07
WSP Global Inc.	WSP	Outperform	Outperform	**C$43.00**	**C$41.00**	C$36.80
Yamana Gold Inc.	YRI	**Outperform**	**Restricted**	**C$8.50**	**C$0.00**	C$5.58

NBF ACTION IDEAS

ALTAGAS LTD. (ALA) LAST PRICE: $46.80 RATING: OUTPERFORM TARGET PRICE: $52.00

COMPANY PROFILE

AltaGas' (ALA) three primary business units consist of Gas (natural gas gathering and processing, NGL extraction and fractionation, transmission, storage, and natural gas marketing), Power (power generation), and Utilities (regulated natural gas distribution). Overall, the Gas business serves producers in the Western Canadian Sedimentary Basin and processes more than 2 bcf/d of gas; the Power business includes an aggregate of ~1,400 MW of generating capacity (including NW B.C. projects); the Utilities business serves Alberta, British Columbia, Nova Scotia, Alaska, and Michigan.

INVESTMENT HIGHLIGHTS

NBF published its Q4 preview for the Pipelines, Utilities and Energy Infrastructure space. It maintained its Outperform rating and $52.00 target price on **AltaGas (ALA) and continues to recommend investors accumulate the stock at current prices prior to the Q4 release on Feb. 26th**.

NBF forecasts Q4 EBITDA of $156 million, slightly above Q4 2013 EBITDA of $153 million, reflecting Forrest Kerr contributions partially offset by weaker realized Alberta power prices. Of note, ALA's frac spread exposure is 80% hedged for Q4 2014 at $26/bbl (before extraction premiums), largely in line with Q4 2013 realized frac spreads of $25/bbl.

AltaGas (ALA) is focused on investing in long life, diversified and profitable Gas, Power, and Utilities infrastructure - with the goal of remaining relatively balanced amongst each segment on an EBITDA basis. The company also remains focused on maintaining its investment grade credit ratings, while targeting a debt-to-capitalization structure between ~55% to ~60%. Lastly, ALA targets an FFO payout ratio of 40% to 50%, implying ample room to support low double digit dividend (NBF est.: 15%) growth through 2018. NBF is expecting a 15% dividend increase for Q3 2015.

ALA is executing on $2.5 bln of organic growth related to its base businesses through 2019 and is also advancing the development of $2-5 bln of LPG and LNG export opportunities on the West Coast of Canada. AltaGas along with a Consortium of partners recently completed the restructuring of the Douglas Channel LNG project – supporting the development of floating LNG liquefaction export capacity of up to 80 mmcf/d – potentially leading to second and third floating LNG phases and ultimately a $1.5 billion expansion of ALA's wholly-owned PNG natural gas pipeline system to ~750 mmcf/d (from 115 mmcf/d) – together **representing ~15% unrisked upside to NBF's valuation.**

Despite oil prices dropping more than 50%, ALA's secured growth profile underpins double digit EBITDA CAGR through 2018. Furthermore, only 9% of ALA's 2016e FFO is directly exposed to oil/NGL pricing. NBF forecasts 5-year EBITDA CAGR (2013a to 2018e) for ALA of 10%.

Overall, the current stock price implies a 2018e EV/EBITDA multiple of 11.5x – in line with the historical average, underpinning valuation upside amid a lower interest rate environment coupled with an improving cash flow risk profile towards 85% cost-of-service / fee-based by 2018e from 2013 levels of ~70%.

VALUATION

NBF's $52.00 target price is based on a risk-adjusted dividend yield of 4.0% applied to its 2016e dividend of $2.19/share, a 16.0x multiple of its 2016e Free-EBITDA of $677 million, and its discounted cash flow valuation of $50.25. **The target price implies a potential 12 month total return of ~15%.**

ARC RESOURCES (ARX) CLOSING PRICE: $23.49 RATING: OUTPERFORM TARGET PRICE: $28.00

COMPANY PROFILE

ARC Resources is a gas-weighted Intermediate Yield E&P pursuing a growth and income business model. The company has an extensive land position with exposure to several key resource plays, including the Montney, Cardium and Swan Hills plays. The Montney is ARC's main growth asset with over 25.5 Tcf of Discovered Gas Initially in Place (DGIIP) measured on a portion of its land base and has a clearly defined growth strategy in place.

INVESTMENT HIGHLIGHTS

For investors that may be looking to accumulate oil weighted equities, NBF recommends looking towards the higher quality names that are better able to navigate through the downturn in commodity prices. NBF rates ARC Resources Outperform with a $28.00 target price and continues to recommend the company as **a core long-term energy holding for its significant Montney growth potential and top quality management team.** Despite the near-term headwinds from a weaker gas outlook, NBF continues to see significant long-term growth potential and believes the next potential catalyst could come from the start-up of the new Parkland/Tower oil/gas facility, and the Sunrise development program which should facilitate its next wave of growth. ARC has a strong balance sheet with a solid hedge book which should contribute to a sustainable dividend.

ARC has one of the most visible and low risk growth profiles amongst its peers due to its extensive Montney resource base (2 bln boe of 2P/contingent/prospective), which will drive shareholder value for many years**.** ARC is the third largest Montney land holder with over 970 net sections (>600,000 net acres, 70% undeveloped), containing an estimated ~55Tcf of Gas in place and 2.2 bln bbls of liquids in place, of which 10.6Tcf and 280 mmbbls are considered recoverable (>2 bln boe). In a healthy commodity price environment, NBF expects this resource base to support future dividend growth over the long term.

ARC carefully manages its balance sheet to ensure ample flexibility during periods of weak commodity prices, and will sacrifice growth in the short term to maintain balance sheet strength. The company recently completed a $350 million equity financing to further strengthen its conservative balance sheet, and positions the company to weather this period of weak commodity prices. Under 2015 strip pricing NBF estimates the net payout ratio temporarily expands to ~128% in 2015 (falling to 105% in 2016) while holding D/CF at a reasonable 1.4x (falling to 1.1x in 2016). Under this scenario NBF still forecasts production per share growth of 2% in 2015 and 3% in 2016 while payout and debt ratios trend down.

ARX is scheduled to report Q4 earnings on February 11 (pm). NBF is forecasting production of 118,434 boe/d (+2.5% q/q), slightly above consensus estimate for 117,556 boe/d. NBF CFPS estimate is $0.79 (-11.7% q/q), matching consensus.

VALUATION

NBF's $28.00 target price is based on a based on a CNAV multiple of 1.1x and reflects a 2016 EV/DACF multiple of 10.4x.

DIRTT ENVIRONMENTAL SOLUTIONS (DRT) CLOSING PRICE: $4.35 RATING: OUTPERFORM TARGET PRICE: $7.00

COMPANY PROFILE

DIRTT is a leading technology-driven manufacturer of highly customized building interiors. DIRTT combines its proprietary ICE® 3D design, configuration and manufacturing software with integrated in-house manufacturing of its innovative prefabricated interior construction solutions and an extensive Distribution Partner network across two continents. DIRTT provides a unique, end-to-end customer solution for the inefficient and fragmented construction industry.

INVESTMENT HIGHLIGHTS

NBF rates DIRTT Environmental Solutions (DRT) Outperform with a $7.00 target price; implying a 12-month potential return of 61%. DRT has a low cost and highly scalable business model and is revolutionizing interior construction by marrying innovative and flexible building blocks with an integrated design and production planning software. The software includes a state of the art graphical interface for design visualization and back end systems (pricing, procurement, engineering and manufacturing) that connect seamlessly to production and an extensive distribution partner network.

NBF estimates that the addressable market is >$150 billion in the U.S. alone. Prefabricated solutions still make up less than 1% of the market. Conventional construction is antiquated, expensive and not sustainable. The industry is also highly fragmented, with more than 700,000 companies in the U.S. DIRTT has tools that can allow even the smallest designer or contractor to go high tech. DRT's latest product offering Enzo lets its customers have almost anything they want, when they want, with higher quality than conventional construction, a lower price and with greater price certainty. Customers can get pricing in minutes, not weeks.

Construction markets remain supportive of DRT's growth, as shown by recent increases in the ABI (architectural billings index), which are a positive indicator. Although DRT could win more large orders in the future, its average job size is about $70,000. NBF thinks that this is a key competitive advantage and that it also suggests that revenues can more easily track overall construction market activity. **New markets should also support growth**, as DRT continues to make headway in healthcare markets and should move to new verticals, like residential, in the coming years. It is also seeing increased traction in overseas markets, including Asia, Europe and the Middle East.

Since the beginning of the year, the USD has strengthened ~9% relative to the CAD, which has now seen a ~20% decline over the last two years. The NBF Economics and Strategy Group believe that there could be more downside to the CAD. **DRT has operations in both Canada and the United States and is one of the largest beneficiaries in the Clean Technology/ Sustainability space of a rising USD vs. CAD.** NBF estimates that roughly 80% of DRT's revenues are in USD, but that more than half of COGS and SG&A are in CAD so it could see incremental leverage to the EBITDA line, in addition to a benefit from rising revenue. For 2015E, NBF is looking for top-line growth of 30% y/y (about $50 mln). This looks achievable, given market tailwinds, a $30 mln order (largely to be delivered in 2015) and a stronger U.S. dollar. With the scalability of DRT's business model and continued organic growth in revenue into 2016E, NBF believes that EBITDA margins could climb to 20% (+4%).

VALUATION

NBF's $7.00 target is based on 8.6x EV/EBITDA on 2016E, a discount to most of DRT's peer group of innovative builders, which trade at >10x. NBF believes that there could be more upside if DRT executes on sales. **DRT is on the NBF Action List and the NBF Dividend All Stars List.**

GILDAN ACTIVEWEAR INC. (GIL-NYSE) CLOSING PRICE: $72.87 RATING: OUTPERFORM TARGET PRICE: $80.00

COMPANY PROFILE

Gildan is a marketer and vertically-integrated manufacturer of quality branded basic family apparel. The Company sells its products under a diversified portfolio of Company-owned brands as well as under licensing arrangements. It distributes its products in printwear markets in the U.S. and Canada, where Gildan is the industry-leading brand, as well as international markets. Gildan is also developing its presence as a consumer brand distributed through U.S. retailers. The Company is one of the largest suppliers of athletic, casual and dress socks for a broad spectrum of retailers in the U.S., and is increasing its penetration as an underwear and activewear brand.

INVESTMENT HIGHLIGHTS

NBF reiterated its Outperform rating and increased its price target to $80.00 from $78.00 following the release of its Q4/14 results. The price target increase is largely due to the impact of FX and also reflects NBF rolling forward its valuation to 16.5x blended 2016/2017 EPS adjusted for FX (previously 16.5x 2016E EPS). **NBF continues to recommend Gildan as its top pick and remains on the NBF Action List. Its positive thesis is intact; it continues to believe GIL's earnings power will largely recover by 2016** as the company gradually benefits from lower priced cotton, improved manufacturing efficiencies and ongoing growth in Branded and Printwear. NBF believes that Gildan can achieve normalized mid-single digit unit-growth in Printwear and low/mid-teens unit-growth in Branded over the next five years. Ongoing capacity expansion and implementation of efficiency initiatives have the potential to drive earnings in excess of current forecasts; acquisitions are also supportive of the outlook.

Overall NBF considers GIL's Q4/14 results to be satisfactory, if not slightly negative. While Q4 EPS was largely in line and full-year EPS and capex guidance was maintained, the company reported lower than expected market share gains and profitability in the Branded segment, and lower than expected sales in the Printwear segment. In addition, Gildan signed a definitive agreement to acquire Comfort Colors which is expected to add $0.05 to 2015 EPS (details below) However, this is offset by the impact of weakness in international currencies vs. the U.S. dollar. Management slightly increased its 2015 sales guidance, mostly related to the Comfort Colors acquisition. 2015 sales are expected to be in excess of $2.65 bln. Printwear sales are expected to growth ~5% y/y (previous guidance ~+3%), and Branded sales are expected to growth by 30% y/y, reflecting the impact of new programs.

Gildan noted continued progress in the Branded segment, but the market share and profit shortfall in the Branded segment in Q4 relative to NBF expectations casts incremental uncertainty on the Branded segment outlook. NBF thinks the Branded segment to be Gildan's largest growth opportunity and value driver over several years. Gildan's ability to rapidly grow in the Branded segment at suitable economics is important because of the company's significant capacity expansion plan.

Gildan signed a definitive agreement to acquire Comfort Colors, a supplier of dyed undecorated basic apparel, for $100 mln cash; the estimated EV/EBITDA multiple is ~7.0x. NBF believes this is a favourable transaction for GIL given a relatively low estimated transaction multiple, favourable implied margins (~15% on EBITDA), substantial synergy potential (management stated EPS benefit could go to $0.20 from $0.05 initially), and the opportunity to utilize excess apparel and debt capacity. The acquisition also reinforces the company's strategy to increase penetration in the growing fashion basics segment. Management indicated that Comfort Colors has generated in excess of 20% annual sales growth over the last four years. The transaction is expected to close in Q1/15. **GIL's balance sheet remains solid and accommodative of more deals with net debt to EBITDA of ~0.8x.**

NBF modestly revised its estimates to reflect updated management guidance and the pending acquisition. It now is forecasting 2015/ 2016 revenue of US$2,677.5 mln and US$2,940.8mln respectively. 2015e EPS decreases by three cents to US$3.08 and 2016e EPS increases by three cents to US$3.81.

VALUATION

NBF values Gildan at 16.5x its blended 2016/2017 EPS adjusted for FX, (previously 16.5x its 2016 EPS).

SUPERIOR PLUS CORP. (SPB) LAST PRICE: $12.57 RATING: OUTPERFORM TARGET PRICE: $16.00

COMPANY PROFILE

Superior Plus Corporation has three distinct business segments: Energy Services (propane retailing and distribution; fixed-price natural gas contracts to commercial and light industrial customers); Specialty Chemicals (produces specialty chemicals primarily for the pulp and paper industry); and Construction Products (distributes wall and ceiling construction products).

INVESTMENT HIGHLIGHTS

NBF published its Q4 preview for the Pipelines, Utilities and Energy Infrastructure space. It maintained its Outperform rating and $16.00 target price on **Superior Plus (SPB) and continues to recommend investors accumulate the stock at current prices prior to the Q4 release on Feb. 19th**.

NBF forecasts Q4 EBITDA of $86 million, ~5% above last year's $82 million, reflecting ongoing operational improvements across all three businesses, partially offset by modest propane inventory writedowns (~10 days of inventory exposed to declining propane prices).

For 2016 NBF is forecasting 25% AFFO/share growth for Superior Plus (SPB), **reflecting continued margin improvements across all three business lines, reduced debt levels, combined with significant FX tailwinds as previous hedges roll off post 2015.** Approximately ~50% of SPB's 2016 FFO exposed to U.S. currency, and only ~1/3rd hedged at ~US$0.96 (versus 2015 levels of ~95% hedged at US$0.95). Of note, every US$0.10 decline in the Canadian dollar increases NBF's 2016 AFFO/sh estimate by +6%.

On the commodity front, declining propane prices should prove to be a net positive for SPB– with higher residential / commercial gross margins, partly offset by lower industrial (oil & gas)volumes and weaker wholesale margins due to inventory exposure (~10 days). Meanwhile, NBF forecasts a modest impact to SPB's Chemical (Chloralkali) business stemming from hydrochloric acid pricing weakness as oil & gas customers reduce drilling activity in 2015.

SPB remains on track to deliver a D/EBITDA ratio of ~3.0x by the end of 2015. Looking ahead, 'Evolution 2018' will target average annual growth of 5-10% in AOCF/sh, implying a similar dividend growth rate based on a target 40-60% AFFO payout ratio. NBF forecasts a 15% dividend increase to $0.82/sh (from $0.72) commencing Q1 2016 (2016e AFFO payout ratio: 48%).

SPB currently trades at a group high 2016e free cash flow yield (AFFO yield) of 13.8%, representing a spread of ~550 bps above the high-payout group average AFFO yield of 8.3%, **an overly wide valuation discount, in NBF's view, given its group low AFFO payout ratio of 48% (high-payout group avg.: 73%) and visibly improving cash flow risk profile and balance sheet.**

VALUATION

NBF's $16.00 target price is based on a risk-adjusted dividend yield of 5.0% applied to its 2016e dividend of $0.83/share, a 10.0x multiple of its 2016e Free-EBITDA of $270 million, and its discounted cash flow valuation of $16.00. **The target price implies a potential 12 month total return of ~33%.**

WHITECAP RESOURCES (WCP) CLOSING PRICE: $13.27 RATING: OUTPERFORM TARGET PRICE: $15.50

COMPANY PROFILE

Whitecap Resources has a diversified asset base with three light oil core areas including the Montney at Valhalla, the Cardium through West Central Alberta and the Viking in Saskatchewan. Through a combination of a focused drilling program and accretive acquisitions the company has transitioned itself into an intermediate yield growth company.

INVESTMENT HIGHLIGHTS

For investors that may be looking to accumulate oil weighted equities, NBF recommends looking towards the higher quality names that are better able to navigate through the downturn in commodity prices. **WhiteCap Resources remains one of NBF's top picks in the Intermediate Yield E&P space and is one of the more sustainable and defensive names in its coverage universe,** which is aided by 1) the scale, repeatability and economics of the resource base; 2) operational improvements across core plays (on both the production performance and cost front); and 3) prudent financial management. Furthermore the company has an extensive 2015 hedge book, which has 61% of the company's first half oil volumes hedged at C$98.61/bbl and 41% of the company's second half oil volumes hedged at C$97.15/bbl.

Despite growing primarily through acquisition, a history of positive reserve reports provides evidence of significant (and efficient) value creation through the drill-bit. Whitecap has a track record of delivering organic reserve growth, adding P+P barrels at a consistent (and attractive) F&D cost of about $12-15/boe (vs. peer group averaged ~$27/boe in 2013). Behind this success is a demonstrated ability to improve operating efficiencies, which has been realized through continued optimization of both costs and well performance. Whitecap is posting best-in-class well results in the Viking and is amongst the top performers in the Cardium.

On January 27th Whitecap released its 2014 reserve report, revised its 2015 budget and provided an operational update. **To preserve financial flexibility in a deteriorating commodity price environment, WCP elected to reduce its capex to $200 mln through 2015 (from $245 million), driving production to an annual average of 36.0 mboe/d (37.5 mboe/d previously).** This represents absolute y/y growth of 11%, or 1% per share. Combined with the payment of the $0.75/share annualized dividend, Whitecap should be required to spend only 96% of cash flow (total payout ratio), resulting in a healthy D/CF of 1.9x (peer average DRIP-adjusted payout of 113% and D/CF of 2.3x). WCP's $1.0 billion credit facility should also have sufficient capacity (lenders indicate the potential to expand it to $1.2 billion), with 82% expected to be drawn at year-end.

Whitecap spent ~$1.5 billion through 2014 (includes A&D initiatives), which contributed to absolute P+P reserve growth of 66%, or 14% per share (production replacement ratio of 833%). Whitecap added P+P reserves at an attractive FD&A cost (including FDC) of $19.56/boe. This cost translates to an stimated P+P recycle ratio of 2.1x, meaning that for every dollar Whitecap invests, the company creates $2.10 of value. **NBF believes the strength of the 2014 reserve report underscores Whitecap's ability to effectively identify, acquire and develop underexploited properties at attractive cost efficiencies, which should continue to be a driving force behind the sustainability of the business model.**

NBF is supportive of management's move to preserve financial flexibility. Moreover, NBF believes WCP is offers investors an attractive entry point, supported by its above average growth profile, the sustainability of its business model and its relative valuation. Whitecap trades at 8.7x on a 2015e EV/DACF basis, which compares to peers at 9.1x.

VALUATION

NBF's $15.50 target price on WCP is based on a 9.2x 2016e EV/DACF cash flow multiple (was 8.9x) that compares with the peer average EV/DACF target multiple of 9.8x. This target price compares with a P+P NAV of $7.75/share plus estimated risked resource upside of $7.75/share stemming from core plays.

STRATEGIC LIST - WEEKLY UPDATE

(February 2nd – February 6th)

Changes this Week:

Removing: Open Text Corp. (OTC)
Adding: DH Corp. (DH)

Removing: Open Text Corp. (OTC)

We are removing Open Text Corp (OTC) from the NBF Strategic List.

NBF downgraded the stock to Sector Perform (from Outperform) and lowered its estimates and target price following the release of its Q215 results. NBF is more cautious on its outlook for license revenue, which negatively impacted its gross margin and EPS estimates. NBF recommended trimming positions ahead of the seasonally weak March quarter.

Credit Suisse also downgraded the stock to Neutral (from Outperform) and lowered its estimates and target price. Following two consecutive quarters of lower than expected license revenue, coupled with expectations for continued macroeconomic headwinds in emerging markets, CS believes investors will not pay as high a multiple for OTEX shares if the company is unable to grow organic license revenue near the industry growth rate (~10%). Despite the license shortfalls, the company continues to manufacture EPS through accretive acquisitions, which is impressive, but not as coveted as organic, in CS' view.

Adding: DH Corp. (DH)

We are adding DH Corp. to the NBF Strategic List.

Thesis: DH Corp. is a leading solutions provider to the financial services marketplace. Founded in 1875, the company today provides innovative programs, technology products and technology based business services to customers who offer chequing accounts, credit card accounts, and personal, commercial, and other lending and leasing products.

DH Corp. shares a number of characteristics consistent with high yield equities that NBF rates Outperform: 1) largely recurring and visible revenues and profitability; 2) a dominant market position; 3) solid financial health, with capacity to grow; and 4) a high cash flow/low capex model conducive to paying sizeable distributions/ dividends. Furthermore DH has a strong management team that has demonstrated a keen ability to not only diversify DH away from its demand constrained cheque offering, but to do so by adding complementary, higher growth verticals and offerings that create value for shareholders over time.

Comments

Energy (Overweight)

Credit Suisse: CS incorporated recent commodity price deck changes and lowered its 2015/2016 CFPS estimates for the Canadian Oil & Gas sector by ~20% and ~5% respectively. With lower CFPS estimates, it lowered its price targets by ~8% on average. With the recent rally in energy stocks, CS believes its Canadian E&P coverage universe looks fully valued.

ARC Resources (ARX)

Credit Suisse: Among more focused E&Ps, CS still prefers ARX for its exposure to the prolific Montney play. ARC's 2015 capital budget was recently reduced from $875mm to $750mm but still includes investment in strategic infrastructure at Sunrise and front-end engineering and government applications for the Dawson liquids-rich gas processing facility. These investments will set the stage for future growth in key areas in the Montney region. Capital is also still being directed towards advancing the lower Montney development at Dawson and Pouce Coupe, as well as the construction of a 5,000 b/d oil battery at Tower. ARX has also secured its financial position with a recent financing. CS lowered its 2014/2015/2016 CFPS estimates by 0.9%/15.3%/4.5% respectively to $3.59/$2.48/$3.15. CS maintained its Outperform rating and lowered its target price to $28.00 from $29.00 previously.

Canadian Natural Resources (CNQ)

Credit Suisse: Until oil rebalances, CS believes that CNQ's strong balance sheet, franchise assets, and business model can deliver outsized volume growth. CNQ remains one of CS' preferred stocks as it still sees the potential for meaningful FCF expansion over the medium term. CS lowered its 2014/2015/2016 CFPS estimates by 1.2%/14.3%/2.5% respectively to $8.57/$5.63/$7.49. CS maintained its Outperform rating and $43.00 target price.

Crescent Point Energy (CPG)

Credit Suisse: CS lowered its 2014/2015/2016 CFPS estimates by 1.7%/9.4%/2.5% respectively to $5.74/$4.65/$4.99. CS maintained its Neutral rating and increased its target price to $32.00 from $29.00 previously.

AltaGas Ltd. (ALA)

NBF: NBF recommends investors accumulate ALA ahead of its Q4 update on February 26. It is forecasting Q4 EBITDA of $156 million, slightly above Q4 2013 EBITDA of $153 million reflecting Forrest Kerr contributions partially offset by weaker realized Alberta power prices. Of note, ALA's frac spread exposure is 80% hedged for Q4 2014 at $26/bbl (before extraction premiums), largely in line with Q4 2013 realized frac spreads of $25/bbl. Meanwhile, AltaGas along with a Consortium of partners recently completed the restructuring of the Douglas Channel LNG project – supporting the development of floating LNG liquefaction export capacity of up to 80 mmcf/d – potentially leading to second and third floating LNG phases and ultimately a $1.5 billion expansion of ALA's wholly-owned PNG natural gas pipeline system to ~750 mmcf/d (from 115 mmcf/d) – together representing ~15% unrisked upside to NBF's valuation. NBF rates ALA an Outperform with a $52.00 target.

Enbridge Inc. (ENB)

NBF: Enbridge is scheduled to report Q4/14 results on February 19. NBF is forecasting adj. EBITDA of $1,368.6 mln, up ~66% y/y from $825.0 mln in Q4/13. The Street is forecasting Q4/14 adj. EBITDA of $1,454.5 mln. AFFO is forecast to come in at $0.94 (+45% y/y), vs. consensus estimate of $0.96. NBF rates ENB Outperform with a $67.00 target price.

Credit Suisse: CS forecasts Q4/14 EPS of $0.54, in line with consensus. In December ENB announced a bolder restructuring plan with the corporate family and CS continues to await for more specific details in future Enbridge family of companies' filings to more precisely fine tune its modelling and valuation views. With this backdrop, CS does not anticipate any major changes to current corporate strategy with the Q4 results release. CS rates ENB Outperform with a $70.00 target price.

Inter Pipeline Ltd. (IPL)

NBF: Inter Pipeline is scheduled to report Q4/14 results on February 19. NBF is forecasting adj. EBITDA of $187.0 mln, up ~13% y/y from $165.8 mln in Q4/13. The Street is forecasting Q4/14 adj. EBITDA of $193.6 mln. AFFO is forecast to come in at $0.41 (+2.5% y/y), a penny below consensus estimate of $0.42. NBF rates IPL Outperform with a $37.00 target price.

Materials (Market Weight)

Agnico Eagle Mines (AEM)

NBF: NBF published its Q4/14 Preview and 2015 Outlook report for the Precious Metals sector. NBF left its gold and silver price assumptions for 2015 and beyond intact, but lowered its currency assumptions across the board for key mining jurisdiction to reflect the recent deterioration in rates and relative strength of the US dollar. The new estimates also include lower by-product copper and zinc price assumptions.

AEM is scheduled to report Q4 production and financial results on February 11, 2015, after the market close. NBF is forecasting Q4/14 production of 378K oz., and expects notable production gains in Q4 at Laronde (est. +49% q/q to 58.7K oz.) and Kittila (est. +36% q/q to 38.2K oz.). Cash costs are expected to ease to US$681/oz. (vs. US$716/oz. in Q3/14) driven by lower TCC's at La Ronde and Kittila. NBF is forecasting Q4/14 CFPS of US$0.64 (prev. US$0.75) and f2014 CFPS of US$3.08 (prev. US$3.21).

For 2015 NBF expects 20% - 100% y/y gains in production at Malartic, La India, Kittila and La Ronde; and for grades at Meadowbank to climb in 2015 with access to higher grade ore in the Portage pit. It forecasts f2015 production to come in at 1601K oz. (~+15% y/y) and CFPS of US$3.43 (prev. $3.20). NBF increased its base case NAVPS to Cdn$20.39 from Cdn$19.11 and increased its target price to Cdn$44.00 from Cdn$37.00 previously. The target is based on a 1.40x NAV (40% weight) and 12.6x 2015 CF (60% weight). With a high proportion of its production coming from cornerstone assets (NBF est. 84% for 2015), and geographic concentration in tier one mining jurisdictions, AEM has assembled a unique portfolio that, in NBF's view, warrants premium multiples. Moreover, AEM is positioned to benefit from currency tailwinds with 82% of operating costs for 2015 (NBF est.) based in assets in Canada and Finland. That said, NBF downgraded the stock to Sector Perform (from Outperform) to reflect the limited upside to its target price.

Financials (Market Weight)

Manulife (MFC)

Credit Suisse: In its earnings preview note for the Canadian lifecos, CS said it views the lifecos as more defensive than the banks despite the decline in rates, as the banks are more vulnerable to negative Canadian economic sentiment than lifecos. Additionally, the lifecos have a larger non-Canadian earnings component than the banks. Also, lifeco earnings growth is higher at 10% in both 2015 and 2016 versus 4% and 6% for the Canadian banks. CS reiterated Manulife as its top pick with a rating of Outperform and $26.00 target price.

Industrials (Market Weight)

CAE Inc. (CAE)

NBF: Initial comment following CAE results: CAE reported revenue of $559 million versus NBF at $556 million and the consensus at $554 million. EPS was $0.20, in-line with NBF estimate and a slight beat to the consensus of $0.19. NBF notes that CAE recorded a gain from a legal settlement in the quarter that looks to have added about $0.01 in EPS. Total company backlog is now $5.0 billion and book-to-bill in the quarter was 1.2x.

WestJet Airlines Ltd. (WJA)

NBF: WestJet reported Q4 EPS of $0.70, but after adjusting for one-time items NBF estimates that EPS was $0.77, solidly ahead of its $0.63 estimate and the consensus of $0.73. WestJet also announced an increase in its quarterly dividend to $0.14 from $0.12 (now $0.56/year). WestJet expects RASM to be flat to slightly down in Q1, but this is due to a significant increase in industry capacity to sun destination markets. Management otherwise sees demand as broadly still robust. NBF notes that should demand weaken, WestJet has significant flexibility to reduce capacity and to shift capacity to different markets. NBF maintained its Outperform rating and increased its target to $38.00 (from $37.00). NBF believes that the company will benefit from (1) ongoing market share gains from the growth of Encore, (2) revenue improvements stemming from the maturation of WestJet's Plus product and the introduction of first bag fees, and from (3) materially lower fuel prices.

Consumer Discretionary (Underweight)

Gildan Activewear (GIL)

NBF: Gildan reported Q4/14 EPS was largely in line with expectations; adj. Q4/14 EPS was -$0.31 vs. NBF/cons. at -$0.30; last year was $0.35. Branded sales were $230 mln, up by 22% y/y; NBF was $227 mln. Sales growth was primarily due to the Doris acquisition and traction with branded programs and licensed apparel. Printwear sales were $160 mln, lower by 39% y/y; NBF was $178 mln. Sales were impacted by lower selling prices, inventory devaluation and client destocking. (2) Adj. EBITDA was -$15 mln vs. NBF at -$16 mln; last year was $65 mln. (3) On a segmented basis, Branded EBIT was lower than expected, while Printwear EBIT was higher than forecast. (4) Gildan will implement a 2-for-1 share split; the shares will begin trading on a split basis on March 30, 2015. NBF considers results to be satisfactory, if not slightly negative, given lower than expected share gains/profitability in the Branded segment and lower than expected sales in the Printwear segment. 2015 guidance was maintained. NBF estimates are relatively unchanged.

Gildan signed a definitive agreement to acquire Comfort Colors, a supplier of dyed undecorated basic apparel, for $100 mln; the estimated EV/EBITDA multiple is ~7.0x. NBF believes this is a favourable transaction for Gildan given a relatively low estimated transaction multiple, favourable implied margins (~15% on EBITDA), substantial synergy potential (management stated EPS benefit could go to $0.20 from $0.05 initially), and the opportunity to utilize excess apparel and debt capacity. The acquisition also expands Gildan's reach into adjacent product categories. Gildan's balance sheet remains solid with net debt to EBITDA of ~0.8x. NBF continues to believe that earnings power will largely recover by 2016 as Gildan gradually benefits from lower priced cotton, manufacturing efficiencies and ongoing growth. Outperform - Target price was increased to $80.00 from $78.00.

Credit Suisse: GIL's Q4/14 EPS of -$0.31, was in line with CS/Street's -$0.30: Loss owing to pre-announced inventory devaluation. Sales of $390.6mm were ~$10 mln below forecast. EBITDA was ~$4 mln above expectations. Gross margin was $10.6 mln above forecast, but SG&A was $6.8 mln above forecast. Branded apparel sales grew 21.5% vs. CS 17.5%. Organic sales growth was 8% with remaining growth from Doris. Gold Toe sales were down in quarter owing to retailer de-stocking, but market share growing and growth expected to continue going forward. Printwear sales declined 39% vs. CS' 32%. Sales were up 15% in International printwear markets despite currency depreciation. 2015CY EPS guidance was maintained ($3.00-$3.15) which CS views positively, but CS notes that it is back-end loaded which it vies as negative.

CS maintained its Outperform rating and increased its target price to $84.00, from $80.00 driven by accretion from the acquisition of Comfort Colors (CC). It bumped up its 2015/2016/2017 EPS to $2.14/$3.76/$4.40 from $2.23/$3.58/$4.06 and 2015CY EPS to $3.04 from $3.05 due to company guidance, and the CC acquisition. The acquisition of CC is expected to be $0.20 accretive to EPS. Gildan remains one of CS' top picks in the consumer space. It believes that branded growth opportunity that lies ahead is extremely attractive. GIL is one of a few strong growth stories in the sector and with a good track record for returns. GIL expected to drive 30% branded growth (24% from non-Doris) in 2015CY. The benefits of lower cotton prices are likely a mild tailwind to come more fully in 2016.

Telecommunications (Underweight)

Rogers Communications (RCI.b)

Credit Suisse: Rogers' Q4 results were mixed as stronger financials were balanced by subscriber losses that exceeded CS expectations as Rogers continued to implement its Rogers 3.0 program. Overall, EBITDA increased 6% y/y above CS' 4% y/y estimate driven by strong performance in Wireless and contribution of the NHL deal. Wireless network revenue increased 2% y/y driven primarily by ARPU growth of 2% y/y as subscribers declined -1%. Postpaid churn increased 12 bps, above CS' 7 bps estimate as Rogers' focus on customer value vs. volume had a greater impact. Media revenues increased 20% y/y as Rogers benefited from $100 million in revenue contributed by the NHL licensing agreement. Rogers also introduced preliminary guidance for 2015 EBITDA growth of 0% to 3% y/y and FCF growth of -6% to +4% y/y; roughly in-line with CS' estimates. CS adjusted its estimates to reflect the lower subscriber trends and forecast EBITDA growth of 2% y/y and a -2% y/y decline in FCF. Its 2015/2016 EPS declines to $3.04/$3.20 from $3.11/$3.30 to reflect this impact. RCI also increased its dividend by 5%. Overall, the results reinforces CS' view that Rogers is in the first period of its turn-around story and maintains its Neutral rating and $45.00 target price. It believes its valuation is fair at 7.2x 2015 EBITDA vs. 7.5x for its peers.

Utilities (Underweight)

Canadian Utilities Ltd. (CU)

NBF: Canadian Utilities is scheduled to report Q4/14 results on February 20. NBF is forecasting adj. EBITDA of $448.2 mln, up ~10% y/y from $445.0 mln in Q4/13. The Street is forecasting Q4/14 adj. EBITDA of $457.5 mln. AFFO is forecast to come in at $1.08, up ~11% y/y from $0.97 in Q4/13. NBF rates CU Sector Perform with a $47.00 target price.

Credit Suisse: CS forecasts Q4/14 earnings of $0.62, ahead if the Street at $0.606. CS will be looking for (1) Alberta power pricing outlook; (2) further details on the Fort McMurray West project that was recently awarded; (3) an update on the Mexican projects, pipeline and power projects; and, (4) future large capital investment opportunities. CS rates CU Outperform with a $46.00 target price.

Northland Power (NPI)

NBF: Northland Power is scheduled to report Q4/14 results on February 18. NBF is forecasting adj. EBITDA of $91.0 mln, up ~10% y/y from $83.0 mln in Q4/13. The Street is forecasting Q4/14 adj. EBITDA of $88.0 mln. AFFO is forecast to come in at $0.26 (-7% y/y), a penny above consensus estimate of $0.25. NBF rates NPI Outperform with a $19.00 target price.

NBF STRATEGIC LIST

NBF Strategic List (February 6, 2015)

	Ticker	ADDITION DATE	ADDITION PRICE	LAST PRICE	YIELD (%)	BETA	WEIGHT* (%) Strategic List	WEIGHT* (%) SPTSX	NOTES**
Consumer Discretionary							**5.9**	**6.3**	
Gildan Activewear	GIL	21-May-14	$ 58.18	$ 73.43	0.9	1.0	3.0		
Thomson Reuters Corp.	TRI	27-Feb-14	$ 38.31	$ 50.23	3.3	0.8	3.0		
Consumer Staples							**3.5**	**3.7**	
George Weston Ltd.	WN	31-Jul-12	$ 59.25	$ 100.46	1.7	0.7	1.8		
Metro Inc.	MRU	4-Dec-13	$ 63.62	$ 101.82	1.4	0.6	1.8		
Energy							**25.0**	**21.5**	
AltaGas Ltd.	ALA	30-Oct-13	$ 38.19	$ 45.98	3.8	0.8	4.2		
ARC Resources Ltd.	ARX	17-Dec-14	$ 26.82	$ 23.40	5.1	1.2	4.2		
Can. Natural Resources Ltd.	CNQ	31-Jul-12	$ 27.35	$ 39.15	2.3	1.5	4.2		
Crescent Point Energy Corp.	CPG	3-Oct-12	$ 43.00	$ 32.14	8.6	1.1	4.2		
Enbridge Inc.	ENB	21-Jan-15	$ 59.87	$ 61.57	3.0	0.8	4.2		
Inter Pipeline Ltd.	IPL	5-Jun-13	$ 23.71	$ 33.21	4.4	0.8	4.2		
Financials							**34.5**	**34.1**	
Bank of Nova Scotia	BNS	1-Oct-14	$ 69.65	$ 65.75	4.0	0.9	4.9		
Element Financial Corp.	EFN	3-Sep-14	$ 14.10	$ 14.27	0.0	0.9	4.9		
Genworth MI Canada Inc.	MIC	8-Oct-14	$ 36.82	$ 31.29	5.0	0.8	4.9		
H&R REIT	HR.un	20-Aug-14	$ 23.36	$ 24.83	5.4	0.7	4.9		
Manulife Financial Corp.	MFC	26-Mar-14	$ 21.42	$ 21.72	2.9	1.3	4.9		
Royal Bank of Canada	RY	19-Jun-13	$ 60.69	$ 76.76	3.9	0.9	4.9		
Toronto Dominion Bank	TD	31-Jul-12	$ 39.46	$ 54.70	3.4	0.9	4.9		
Health Care							**0.0**	**4.1**	
Industrials							**8.9**	**8.6**	
CAE Inc.	CAE	5-Mar-14	$ 15.31	$ 16.20	1.7	0.8	4.5		
WestJet Airlines Ltd.	WJA	22-Oct-14	$ 30.65	$ 30.98	1.8	0.8	4.5		
Information Technology							**2.8**	**2.4**	
CGI Group Inc.	GIB.A	22-Aug-12	$ 25.83	$ 51.46	0.0	0.8	1.4		
DH Corp.	DH	4-Feb-15	$ 38.64	$ 38.29	3.3	0.8	1.4		
Materials							**12.3**	**12.1**	
Agnico Eagle Resources Ltd.	AEM	17-Dec-14	$ 27.00	$ 39.33	1.0	1.2	6.2		
Lundin Mining Corp.	LUN	17-Dec-14	$ 5.35	$ 5.07	0.0	1.9	6.2		
Telecom Services							**4.7**	**5.0**	
Rogers Communications	RCI'B	27-Nov-14	$ 45.84	$ 44.64	4.3	0.7	2.4		
TELUS Corp	T	31-Jul-12	$ 31.31	$ 43.43	3.7	0.7	2.4		
Utilities							**2.4**	**2.3**	
Canadian Utilities Ltd.	CU	31-Jul-12	$ 35.00	$ 41.58	2.8	0.7	1.2		
Northland Power Inc.	NPI	8-May-13	$ 19.43	$ 17.12	6.3	0.7	1.2		

Source: Bloomberg, Thomson One (Priced February 6, 2015 at 11:08am EDT)

* Individual position weights reflect an adjustment for Health Care. The Health Care weighting has been reallocated to sectors rated "overweight" with any remaining weight reallocated proportionally to the remaining sectors. As such, the individual position weights will exceed the total sector weights and may not sum to 1

**R = Restricted Stocks - Stocks placed under restriction while on The NBF Strategic List will remain on the list, but noted as Restricted in accordance with compliance requirements

WEEK AHEAD

THE ECONOMIC CALENDAR

(February 9th – February 13th)

U.S. Indicators

Date	Time	Release	Period	Previous	Consensus
9-Feb	10:00	Labor Market Conditions Index Change	Jan	6.1	--
9-Feb / 13-Feb		MBA Mortgage Foreclosures	4Q	2.39%	--
9-Feb / 13-Feb		Mortgage Delinquencies	4Q	5.85%	--
10-Feb	09:00	NFIB Small Business Optimism	Jan	100.4	101
10-Feb	10:00	**Wholesale Inventories MoM**	Dec	0.80%	0.10%
10-Feb	10:00	**Wholesale Trade Sales MoM**	Dec	-0.30%	--
10-Feb	10:00	IBD/TIPP Economic Optimism	Feb	51.5	51.5
10-Feb	10:00	JOLTS Job Openings	Dec	4972	--
11-Feb	07:00	MBA Mortgage Applications	Feb 6	1.30%	--
11-Feb	14:00	Monthly Budget Statement	Jan	--	-$2.6B
12-Feb	08:30	**Retail Sales Advance MoM**	Jan	-0.90%	-0.40%
12-Feb	08:30	Retail Sales Ex Auto MoM	Jan	-1.00%	-0.30%
12-Feb	08:30	Retail Sales Ex Auto and Gas	Jan	-0.30%	--
12-Feb	08:30	Retail Sales Control Group	Jan	-0.40%	0.40%
12-Feb	08:30	**Initial Jobless Claims**	Feb 7	278K	--
12-Feb	08:30	Continuing Claims	31-Jan	2400K	--
12-Feb	08:45	Bloomberg Feb. United States Economic Survey			
12-Feb	09:45	Bloomberg Consumer Comfort	Feb 8	45.5	--
12-Feb	10:00	Business Inventories	Dec	0.20%	0.20%
13-Feb	08:30	Revisions of Producer Price Index			
13-Feb	08:30	Import Price Index MoM	Jan	-2.50%	-3.20%
13-Feb	08:30	Import Price Index YoY	Jan	-5.50%	--
13-Feb	10:00	**U. of Mich. Sentiment**	Feb P	98.1	98.1
13-Feb	10:00	U. of Mich. Current Conditions	Feb P	109.3	--
13-Feb	10:00	U. of Mich. Expectations	Feb P	91	--
13-Feb	10:00	U. of Mich. 1 Yr Inflation	Feb P	2.50%	--
13-Feb	10:00	U. of Mich. 5-10 Yr Inflation	Feb P	2.80%	--

Canadian Indicators

Date	Time	Release	Period	Previous	Consensus
9-Feb	08:15	**Housing Starts**	Jan	180.6K	--
9-Feb	10:00	Bloomberg Nanos Confidence	Feb 6	55.6	--
12-Feb	08:30	**Teranet/National Bank HPI MoM**	Jan	-0.20%	--
12-Feb	08:30	Teranet/National Bank HP Index	Jan	167.17	--
12-Feb	08:30	Teranet/National Bank HPI YoY	Jan	4.90%	--
12-Feb	08:30	**New Housing Price Index MoM**	Dec	0.10%	--
12-Feb	08:30	New Housing Price Index YoY	Dec	1.70%	--

Source : Bloomberg

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday Febuary 9th, 2015

None

Tuesday February 10th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Genworth MI Canada Inc	**MIC**	**0.953**
Kinross Gold Corp	K	0.009
Talisman Energy Inc	TLM	-0.044

Wednesday February 11th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Agnico Eagle Mines Ltd	**AEM**	**0.049**
Air Canada	AC CN	0.235
Alacer Gold Corp	ASR CN	0.043
Calloway Real Estate Investment Trust	CWTu CN	0.486
FirstService Corp/Canada	FSV CN	1.021
Home Capital Group Inc	HCG CN	1.054
Keyera Corp	KEY CN	0.802
Mullen Group Ltd	MTL CN	0.337
Sun Life Financial Inc	SLF CN	0.771
Thomson Reuters Corp	TRI CN	0.466
Yamana Gold Inc	YRI CN	0.038

Thursday February 12th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Bombardier Inc	BBD.b	0.047
Cenovus Energy Inc	CVE	0.136
CI Financial Corp	CIX	0.484
Cineplex Inc	CGX	0.407
Dream Unlimited Corp	DRM	0.17
Fairfax Financial Holdings Ltd	FFH	5.87
First Capital Realty Inc	FCR	0.27
Great-West Lifeco Inc	GWO	0.658
Husky Energy Inc	HSE	0.248
Industrial Alliance Insurance & Financial Services Inc	IAG	0.921
Interfor Corp	IFP	0.183
Just Energy Group Inc	JE	0.04
Manulife Financial Corp	**MFC**	**0.409**
Precision Drilling Corp	PD	0.229
Sherritt International Corp	S	-0.157
Teck Resources Ltd	TCK.b	0.226
TELUS Corp	**T**	**0.527**

Friday February 13th, 2014

COMPANY*	SYMBOL	EPS ESTIMATE
RioCan Real Estate Investment Trust	REI.un	0.417
Brookfield Asset Management Inc	BAM.a	0.32
IGM Financial Inc	IGM	0.849
TransCanada Corp	TRP	0.625

Source: Bloomberg, NBF Research
*Companies of the S&P/TSX index expected to report. Stocks from the Strategic List are in Bold.

S&P500 INDEX QUARTERLY EARNINGS CALENDAR

Monday February 9th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Computer Sciences Corp	CSC	1.115
Diamond Offshore Drilling Inc	DO	0.657
Dun & Bradstreet Corp/The	DNB	2.616
Hasbro Inc	HAS	1.195
Loews Corp	L	0.53
Masco Corp	MAS	0.199
TECO Energy Inc	TE	0.211

Tuesday February 10rd, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Akamai Technologies Inc	AKAM	0.635
Cerner Corp	CERN	0.467
Coca-Cola Co/The	KO	0.422
CVS Health Corp	CVS	1.203
FMC Technologies Inc	FTI	0.784
Genworth Financial Inc	GNW	-0.194
HCP Inc	HCP	0.77
Martin Marietta Materials Inc	MLM	0.821
Molson Coors Brewing Co	TAP	0.687
Omnicom Group Inc	OMC	1.253
PG&E Corp	PCG	0.528
Pioneer Natural Resources Co	PXD	1.073
Regeneron Pharmaceuticals Inc	REGN	2.816
Reynolds American Inc	RAI	0.869
Sealed Air Corp	**SEE**	**0.474**
Starwood Hotels & Resorts Worldwide Inc	HOT	0.762
Western Union Co/The	WU	0.34
Wyndham Worldwide Corp	WYN	0.845

Wednesday February 11th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
Applied Materials Inc	AMAT	0.271
CenturyLink Inc	CTL	0.626
Cisco Systems Inc	CSCO	0.514
Equifax Inc	EFX	1.013
Lorillard Inc	LO	0.926
MetLife Inc	MET	1.361
Mondelez International Inc	**MDLZ**	**0.434**
Mosaic Co/The	MOS	0.84
NetApp Inc	NTAP	0.771
Northeast Utilities	NU	0.683
NVIDIA Corp	NVDA	0.352
PepsiCo Inc	PEP	1.08
Tesoro Corp	TSO	1.497
Time Warner Inc	TWX	0.942
TripAdvisor Inc	TRIP	0.369
Whole Foods Market Inc	WFM	0.454
Wisconsin Energy Corp	WEC	0.566
Zoetis Inc	ZTS	0.361

Thursday February 12th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
American International Group Inc	AIG	1.054
Apache Corp	APA	0.796
Assurant Inc	AIZ	1.663
Avon Products Inc	AVP	0.249
BorgWarner Inc	BWA	0.742
CBS Corp	CBS	0.764
Coca-Cola Enterprises Inc	CCE	0.562
DaVita HealthCare Partners Inc	DVA	0.92
Dr Pepper Snapple Group Inc	DPS	0.878
Hospira Inc	HSP	0.419
International Flavors & Fragrances Inc	IFF	1.03
Kellogg Co	K	0.925
Kraft Foods Group Inc	KRFT	0.73
McGraw Hill Financial Inc	MHFI	0.897
Nielsen NV	NLSN	0.799
Republic Services Inc	RSG	0.48
Scripps Networks Interactive Inc	SNI	0.973

Friday February 13th, 2015

COMPANY*	SYMBOL	EPS ESTIMATE
DTE Energy Co	DTE	1.043
Exelon Corp	EXC	0.504
Interpublic Group of Cos Inc/The	IPG	0.577
JM Smucker Co/The	SJM	1.512
Ventas Inc	VTR	1.134
VF Corp	VFC	0.986

Source: Bloomberg, NBF Research
* Companies of the S&P500 index expected to report. Stocks from the Credit Suisse U.S. Focus List are in Bold.