

Monday, September 16, 2024

Market Outlook

Intermediate Term: Bullish

PORTFOLIO STRATEGY

 Equity: 70%
 Cash: 1%

Today's Market Movers

IMPACT

- ✓ Global Shares Mixed -
- ✓ Traders Hold for Fed Wednesday -
- ✓ Chinese Economy Slowing -
- ✓ INTC Pops on Pentagon News +

Recent Research Review

 KR, TPR, SPG, AAPL, BYND, D, TRGP, ORCL,
 CAVA, CAH, EIX, KVUE, STZ, REG, SJM, RL,
 DOCU, CEG, DG, RIO

Statistics Diary

12-Mth S&P 500 Forecast:	4800-5600
S&P 500 Current/Next EPS:	247/265
S&P 500 P/E:	22.78
12-Mth S&P P/E Range:	18.1 - 21.1
10-Year Yield:	3.65%
12-Mth 10-Yr. Bond Forecast:	3.50-4.50%
Current Fed Funds Target:	4.62%
12-Mth Fed Funds Forecast:	4.50-5.50%

	PREVIOUS CLOSE	200-DAY AVERAGE
DJIA:	41393.78	38853.84
S&P 500:	5626.02	5167.21
NASDAQ:	17683.98	16335.91
Lrg/Small Cap:	1.41	1.38
Growth/Value:	1.97	1.91

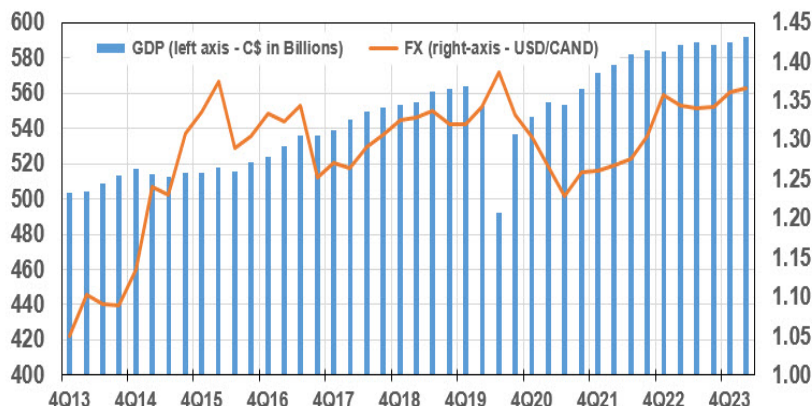
	CURRENT	RANKING
Five-Day Put/Call:	0.83	Positive
Momentum:	4652000	Negative
Bullish Sentiment:	40%	Positive
Mutual Fund Cash:	1.70%	Negative
Vickers Insider Index:	4.62	Neutral

DAILY SPOTLIGHT

Bank of Canada Lowers Target Rate Again

In early September, the Bank of Canada lowered its benchmark interest rate by 25 basis points to 4.25%, the third consecutive drop since June. The central bank noted overall weakness in the economy and progress on inflation. Canadian unemployment rose to 6.6% in August from 6.4% the month before, with population growth outpacing jobs growth. Meanwhile, GDP growth averaged only about 2% in the first and second quarters of 2024, and the Canadian economy added a modest 22,000 jobs in August, down from a much higher 90,000 in April. Consumer price inflation eased to 2.5% in July, closer to the central bank's 2% target. Similar to the U.S., shelter inflation in Canada remains elevated, though lower interest rates have started to help as mortgages renew at better levels and rent increases ease. The governor of the Bank of Canada remarked as follows: "With inflation getting closer to the target, we need to increasingly guard against the risk that the economy is too weak and inflation falls too much." Consensus expectations call for an additional rate cut in October. As the central bank pursues a more-accommodative stance with interest rates, we believe that select companies in our Canadian coverage continue to offer investment opportunities.

Canada Economic Trends



STOCKPICKER'S CORNER

Canadian Pac Kansas City Ltd (NYSE: CP)

Canadian Pacific operates a transcontinental railway in Canada and in the Northeast and Midwest U.S. The company is among the most-efficient operators in the rail industry, which has been on more of a secular growth trend than other transport options (such as water, pipelines, and trucks) for the past 20 years. Having emerged victorious in a bidding war for Kansas City Southern Railway, management now can focus on earnings and dividend growth. Recent results have been solid, given economic conditions. Freight revenue per ton-mile (volume) rose 6% in 2Q, led by greater shipments of Potash, and 2024 guidance calls for double-digit adjusted EPS growth versus 2023. On valuation, CP is trading at 21-times our 2025 EPS estimate, near the high end of the five-year historical range of 14-24 and above the North American peer average of 19. We think this is a reasonable valuation, given the company's long-term record of industry outperformance. Our 12-month target price is \$87.

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