

InvestorCoffee (08.29.2024) : Canadian Futures are Pointing Higher, Supported by Rising Metal Prices and Berkshire Hathaway's market value exceeds \$1 trillion for the first time

written by Tracy Hughes | August 29, 2024

Market Overview

Canadian futures are pointing higher this morning, supported by rising metal prices, which are likely to provide a boost to the materials-heavy TSX. The uptick in futures aligns with similar movements in U.S. markets, where futures tied to the Nasdaq and S&P 500 are edging higher. This comes as investors digest NVIDIA Corporation's (NASDAQ: NVDA) recent [quarterly results](#), which signaled strong and resilient demand for its AI chips, despite some mixed feelings about the company's forward guidance. In Europe, shares are climbing toward the record highs they reached in mid-June, driven primarily by gains in technology stocks. The European market's optimism contrasts with a flatter performance in Japan, where the Nikkei closed the day with minimal change. Meanwhile, Chinese stocks have pulled back slightly, weighed down by weak earnings in the financial sector. The euro is experiencing a slight decline against the U.S. dollar following German inflation data that has increased market bets on the

European Central Bank (ECB) initiating an interest rate easing cycle. Oil prices are inching upward amid persistent concerns about supply disruptions from Libya, although this is being counterbalanced by a smaller-than-expected draw in U.S. crude inventories, which has dampened some of the bullish sentiment.

Canadian Sector Focus

Bank of Canada Rate Cuts: The Bank of Canada is expected to cut its overnight rate by 25 basis points at its upcoming meeting on September 4, marking the third consecutive reduction. Further cuts are anticipated in October and December, according to a recent Reuters poll of economists. This accelerated pace of rate reductions reflects the central bank's ongoing efforts to navigate the economic challenges posed by a sluggish global economy and domestic concerns, including high household debt levels and softer-than-expected economic growth.

Euro Manganese Inc. (TSXV: EMN | ASX: EMN | OTCQB: EUMNF): Euro Manganese has officially [submitted](#) an application to designate its Chvaletice Manganese Project in the Czech Republic as a Strategic Project under the European Union's Critical Raw Materials Act (CRMA). The CRMA, which came into effect in May 2024, is designed to ensure the availability of essential raw materials critical to Europe's economy and its green transition. High-purity manganese, particularly in battery grade, has been identified as a strategic raw material under this act. If granted Strategic Project status, Euro Manganese could gain access to a variety of financing options from both private and public sources, as well as benefit from streamlined permitting processes. Dr. Matthew James, President and CEO of Euro Manganese, emphasized that this application represents a significant milestone for the company, potentially positioning it as the only integrated European producer of high-purity

manganese for the battery supply chain.

Guanajuato Silver Company Ltd. (TSXV: GSVR | OTCQX:GSVRF): Guanajuato Silver [reported](#) a strong financial performance for the second quarter of 2024, with record revenue of \$20.5 million. This represents a 16% increase over the previous quarter and a 22% increase over the same period last year. The company achieved positive mine operating income for the first time, with a figure of \$947,433, and posted its first-ever positive EBITDA of \$2.0 million, reflecting improving cash flow from its mining operations. The quarter's production included 823,679 silver-equivalent ounces, with over 90% of revenues derived from silver and gold sales. Guanajuato Silver continues to ramp up its mining operations at its three key facilities in Mexico and remains a primary silver and gold producer.

Canadian Imperial Bank of Commerce (TSX: CM): CIBC [reported](#) a rise in third-quarter profit, supported by a substantial reduction in provisions for credit losses, which decreased by C\$253 million compared to the previous year. The bank's U.S. commercial banking and wealth management division showed significant improvement, with net income in this segment rising by 187% year-over-year to C\$215 million. CIBC's overall adjusted net income increased to C\$1.90 billion, or C\$1.93 per share, from C\$1.48 billion, or C\$1.52 per share, a year earlier. This improvement reflects the bank's strategic focus on mitigating risks in its U.S. operations, particularly in its commercial real estate exposure.

U.S. Market Focus

Nvidia Corporation (NASDAQ: NVDA): Nvidia's quarterly forecast fell short of the lofty expectations that have driven its stock to remarkable heights over recent months. While the company posted a strong second-quarter revenue of \$30.04 billion,

beating analysts' estimates of \$28.70 billion, and reported an adjusted earnings per share of 68 cents, exceeding the 64 cents expected, the market reaction was lukewarm. Nvidia's guidance for the upcoming quarter did not match the high expectations set by investors, who have been betting heavily on the company's pivotal role in the future of generative AI. Nvidia also announced a substantial \$50 billion share buyback, signaling confidence in its long-term prospects.

Alphabet Inc. (NASDAQ: GOOGL): Alphabet is reportedly [considering](#) a significant investment in Vietnam, where it may build a large data center near Ho Chi Minh City. This would mark the first such investment by a major U.S. tech company in the Southeast Asian nation. The proposed "hyperscale" data center is part of Alphabet's broader strategy to expand its global infrastructure to support the growing demand for cloud services. The timeline for this investment remains uncertain, but internal discussions are ongoing, with the potential for the data center to be operational by 2027.

Goldman Sachs Group Inc. (NYSE: GS): The U.S. Federal Reserve has adjusted Goldman Sachs' required capital buffer following the firm's appeal after the recent stress tests. Goldman Sachs' stress capital buffer has been lowered to 6.2% from the initial 6.4% announced in June, after the Fed considered additional information provided by the bank. This adjustment reflects the Fed's assessment of certain nonrecurring historical expenses, providing Goldman with slightly more flexibility in its capital management.

BioMarin Pharmaceutical Inc. (NASDAQ: BMRN): BioMarin announced a [reduction](#) in its global workforce by approximately 225 employees, following a strategic reassessment of its hemophilia gene therapy program and the discontinuation of its BMN 293 gene therapy development. This workforce reduction is expected to be

largely completed by the end of 2024, with associated costs projected to be between \$30 million and \$35 million. The company is refocusing its resources on other key pipeline assets that offer a more favorable risk-benefit profile.

Global Market Snapshot

- Euro STOXX 50 Futures: Down 8 points
- FTSE Futures: Up 22 points
- German DAX Futures: Down 6 points
- S&P 500 Index Mini Futures: Down 0.32%; 17.75 points
- DJIA Mini Futures: Up 0.26%; 108 points
- Nikkei: Up 0.04%; 16.85 points
- MSCI Asia, Ex-Japan: Down 0.36%; 2.06 points
- EUR/USD: Up 0.13%; 0.0014 points
- GBP/USD: Up 0.13%; 0.0017 points
- USD/JPY: Flat at 144.59 yen
- Spot Gold: Up 0.63%; \$15.64
- U.S. Crude: Up 0.17%; \$0.13
- Brent Crude: Up 0.05%; \$0.04
- 10-Yr U.S. Treasury Yield: Down 0.004 points to 3.8368%
- 10-Yr Bund Yield: Up 0.013 points to 2.2670%

Additional U.S. Corporate Highlights

Salesforce Inc. (NYSE: CRM): Salesforce exceeded Wall Street expectations for its second-quarter revenue and profit, reporting \$9.33 billion in revenue and an adjusted profit per share of \$2.56, both of which beat analysts' estimates. The company also raised its annual profit forecast, reflecting strong demand for its enterprise cloud products. However, Salesforce's third-quarter revenue guidance came in slightly below expectations, and the company announced that CFO Amy

Weaver would step down after a successor is appointed.

Intel Corp. (NASDAQ: INTC): Senator Rick Scott has [requested](#) more details from Intel's CEO, Pat Gelsinger, regarding the company's planned job cuts, which are expected to affect over 15,000 employees. This comes despite Intel being set to receive nearly \$20 billion in U.S. government grants and loans to boost domestic chip production. Scott's inquiry raises concerns about the effectiveness of government incentives in preserving U.S. jobs and supporting domestic manufacturing.

Cooper Companies Inc. (NYSE: COO): The medical device maker reported better-than-expected third-quarter revenue, driven by strong demand for its contact lenses and surgical products. Cooper raised its annual profit forecast, citing continued growth in its core businesses. The company posted total quarterly revenue of \$1 billion and adjusted earnings of 96 cents per share, both exceeding analysts' estimates.

World News & Economic Data

Nvidia's Forecast: Nvidia's quarterly forecast has failed to fully meet the high expectations of investors who have driven a massive rally in its stock. The chipmaker's results underscore both the opportunities and challenges in the rapidly evolving AI sector.

Berkshire Hathaway: Warren Buffett's conglomerate, Berkshire Hathaway, saw its market value exceed \$1 trillion for the first time, reflecting robust investor confidence in the company's diversified portfolio, which many consider a proxy for the broader American economy.

France and Telegram: A French judge has placed Telegram CEO Pavel Durov under formal investigation as part of a probe into

organized crime on the messaging platform. Durov has been granted bail under strict conditions, including a €5 million bond, bi-weekly reporting to police, and a travel restriction within France.

This roundup of market trends, corporate developments, and economic indicators sets the stage for another active day in the markets. Keep an eye on key earnings reports and economic data releases, particularly those in the U.S., as they could have significant implications for Canadian and global markets.

Publisher's Note: Tracy Hughes uses a variety of sources for her daily market update series called "InvestorCoffee." This series is intended to be a brief summary of daily market highlights that the InvestorNews team finds interesting. This summary is meant to inspire research, investigation, and due diligence, and we encourage you to always seek licensed professional advice with any investment decision. While Tracy is a professional writer, she is not a licensed investment advisor. And yes, Tracy uses ChatGPT and other technology devices to help distill information and prioritize business data – while sipping her daily coffee! For more information email us at info@investornews.com.
