



Economics

Avery Shenfeld
(416) 594-7356
avery.shenfeld@cibc.com

Benjamin Tal
(416) 956-3698
benjamin.tal@cibc.com

Andrew Grantham
(416) 956-3219
andrew.grantham@cibc.com

Royce Mendes
(416) 594-7354
royce.mendes@cibc.com

Katherine Judge
(416) 956-6527
katherine.judge@cibc.com

<http://economics.cibccm.com>

THE WEEK AHEAD

April 12-16, 2021

What to Make of the Canadian Jobs Data

by Avery Shenfeld

Careful readers will note that our April edition of Economic Insights, released on Thursday, seemed to include an upgrade to our Canadian GDP forecast for 2021, from 5.3% to 5.6%. But that wasn't in fact based on an improved outlook for what lies ahead, but simply on a firmer estimate for growth in the months that are already behind us. In terms of what comes next, we actually knocked down our Q2 growth forecast to an anemic 1.5% in the wake of a retightening in public health requirements.

In terms of what's already behind us, today's Labour Force Survey (LFS) data on March employment was, in a word, stunning. But excuse us for being a bit skeptical of that report. It was already hard to square why, when we looked at the payrolls count reported by employers in January (the latest available for that SEPH series), the decline in employment since February 2020 was so much larger than in the LFS survey.

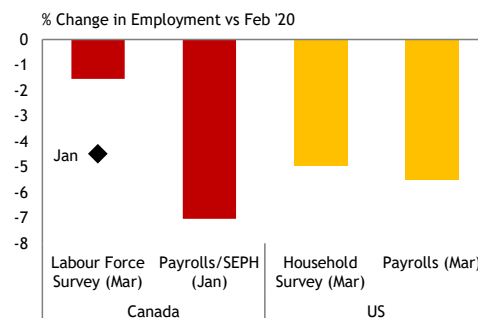
Now, after two huge monthly gains, Canada's LFS data look vastly better than either of the two jobs measures for the US economy in March (Chart), even though public health restrictions were lighter at that point south of the border, and US GDP data have not similarly lagged Canada's. One question mark is whether given the disruptions of Covid, statistical agencies on both sides of the border are able to get an adequate sample of respondents in each demographic category, or the right sample of businesses in employer-based reports.

Nevertheless, even looking at this news with a jaundiced eye, if it's at all reflective of reality, it tells us a lot about what lies

ahead. In the near term, in Canada at least, that won't be good news. If the relaxation of social distancing measures can swing jobs numbers in sectors like retailing so strongly, we'll likely face a reversal of that as the retightening of those rules to deal with Canada's variant-driven third Covid wave takes hold.

But there's also some powerfully good news thereafter. What the data remind us is that sectors like retailing and other services are very labour intensive. If, by year end, progress against Covid allows us to have bars, gyms, and restaurants up and running, and more hotel rooms and plane seats filled, that can generate a steep dive in the jobless rate in a hurry. That gives us comfort with our projection that Canada's Q4 unemployment rate could be below 6½%.

And it also suggests that the US, which might not need to backtrack as much on its reopening given tamer Covid trends and higher vaccination rates, has some very big job gains in store in the coming few quarters. Bring 'em on.



Source: Statistics Canada, BLS, CIBC



Week Ahead Calendar And Forecast

		CANADA			UNITED STATES					
		CIBC	Consensus	Prior	CIBC	Consensus	Prior			
Monday April 12	Government Bond Purchase Program (GBPP): 30-YR 10:30 AM BoC Business Outlook Survey & Canadian Survey of Consumer Expectations (Q1)									
Tuesday April 13	Government Bond Purchase Program (GBPP): 10-YR AUCTION: 3-M BILLS \$10.4B, 6-M BILLS \$3.8B, 1-YR BILLS \$3.8B									
Wednesday April 14	Government Bond Purchase Program (GBPP): 5-YR AUCTION: 5-YR CANADAS \$4B									
Thursday April 15	Government Bond Purchase Program (GBPP): 2-YR AUCTION: 2-YR CANADAS \$6B									
	8:30 AM MANUFACTURING SHIPMENTS M/M	(Feb)	(M)	3.1%						
	9:00 AM EXISTING HOME SALES M/M	(Mar)	(M)	6.6%						
	8:30 AM INITIAL CLAIMS	(Apr 10)	(M)							
	CONTINUING CLAIMS	(Apr 3)	(L)							
	RETAIL SALES M/M	(Mar)	(H)							
	RETAIL SALES (X-AUTOS) M/M	(Mar)	(H)							
	RETAIL SALES CONTROL GROUP M/M	(Mar)	(H)							
	NEW YORK FED (EMPIRE)	(Apr)	(M)							
	PHILADELPHIA FED	(Apr)	(M)							
	9:15 AM INDUSTRIAL PRODUCTION M/M	(Mar)	(H)							
	CAPACITY UTILIZATION	(Mar)	(M)							
	10:00 AM BUSINESS INVENTORIES M/M	(Feb)	(L)							
	NAHB HOUSING INDEX	(Apr)	(L)							
	4:00 PM NET CAPITAL INFLOWS (TICS)	(Feb)	(L)							
	Speaker: 11:30 AM Raphael W. Bostic (President, Atlanta) (Voter)									
	Speaker: 2:00 PM Mary C. Daly (President, San Francisco) (Voter)									
	Speaker: 2:00 PM Lorie K. Logan (Executive Vice President, New York)									
	Speaker: 3:45 PM Richard Clarida (Governor) (Voter)									
	Speaker: 4:00 PM Loretta Mester (President, Cleveland) (Non-Voter)									
Friday April 16	8:15 AM HOUSING STARTS SAAR	(Mar)	(M)	245.9K						
	8:30 AM INT'L. SEC. TRANSACTIONS	(Feb)	(M)	1.27B						
	WHOLESALE TRADE M/M	(Feb)	(M)	4.0%						
	10:00 AM MICHIGAN CONSUMER SENTIMENT	(Apr P)	(H)	84.9						
	8:30 AM HOUSING STARTS SAAR	(Mar)	(M)	1602K						
	BUILDING PERMITS SAAR	(Mar)	(H)	1750K						
	10:00 AM MICHIGAN CONSUMER SENTIMENT	(Apr P)	(H)	84.9						
	2:00 PM TREASURY BUDGET	(Mar)	(L)							
	AUCTION: 3-YR \$58B									
	AUCTION: 10-YR \$38B									
	2:00 PM TREASURY BUDGET	(Mar)	(L)							
	CASH MGMT. 42-DAY \$40B									
	30-YR AUCTION: \$24B									
	8:30 AM CPI M/M	(Mar)	(H)	0.5%						
	CPI M/M (core)	(Mar)	(H)	0.2%						
	CPI Y/Y	(Mar)	(H)	2.5%						
	CPI Y/Y (core)	(Mar)	(H)	1.5%						
	Speaker: 12:00 PM Patrick Harker (President, Philadelphia)									
	Speaker: 12:00 PM Mary C. Daly (President, San Francisco) (Voter)									
	Speaker: 4:00 PM Loretta Mester (President, Cleveland) (Non-Voter) / Raphael W. Bostic (President, Atlanta) (Voter) / Eric Rosengren (President, Boston) (Non-Voter)									
	7:00 AM MBA-APPLICATIONS	(Apr 9)	(L)	-5.1%						
	8:30 AM IMPORT PRICE INDEX M/M	(Mar)	(L)	1.0%						
	EXPORT PRICE INDEX M/M	(Mar)	(L)	1.0%						
	2:00 PM FED'S BEIGE BOOK									
	Speaker: 12:00 PM Jerome H Powell (Chairman) (Voter)									
	Speaker: 2:30 PM John C. Williams (Vice Chairman, New York) (Voter)									
	Speaker: 3:00 PM Richard Clarida (Governor) (Voter)									
	Speaker: 4:00 PM Raphael W. Bostic (President, Atlanta) (Voter)									
	8:30 AM RETAIL SALES M/M	(Mar)	(H)	5.1%						
	RETAIL SALES (X-AUTOS) M/M	(Mar)	(H)	6.1%						
	RETAIL SALES CONTROL GROUP M/M	(Mar)	(H)	5.8%						
	NEW YORK FED (EMPIRE)	(Apr)	(M)	16.8						
	PHILADELPHIA FED	(Apr)	(M)	40.0						
	9:15 AM INDUSTRIAL PRODUCTION M/M	(Mar)	(H)	2.8%						
	CAPACITY UTILIZATION	(Mar)	(M)	75.5%						
	10:00 AM BUSINESS INVENTORIES M/M	(Feb)	(L)	0.5%						
	NAHB HOUSING INDEX	(Apr)	(L)	84.0						
	4:00 PM NET CAPITAL INFLOWS (TICS)	(Feb)	(L)	\$90.8B						
	Speaker: 11:30 AM Raphael W. Bostic (President, Atlanta) (Voter)									
	Speaker: 2:00 PM Mary C. Daly (President, San Francisco) (Voter)									
	Speaker: 2:00 PM Lorie K. Logan (Executive Vice President, New York)									
	Speaker: 3:45 PM Richard Clarida (Governor) (Voter)									
	Speaker: 4:00 PM Loretta Mester (President, Cleveland) (Non-Voter)									
	8:30 AM HOUSING STARTS SAAR	(Mar)	(M)	1640K						
	BUILDING PERMITS SAAR	(Mar)	(H)	1760K						
	10:00 AM MICHIGAN CONSUMER SENTIMENT	(Apr P)	(H)	84.9						

H, M, L = High, Medium or Low Significance SAAR = Seasonally Adjusted Annual Rate Consensus Source: Bloomberg

Week Ahead's Market Call

by Avery Shenfeld

In the **US**, while it won't quite be March Madness, there's every reason to believe that the data for that month will confirm a firming trend in economic activity. We're on the consensus for the CPI, but if there's a risk to our 0.2% forecast for the monthly core change, it's probably to the upside. The jump we'll see in the 12-month rate will reflect base effects for items that were ultra-cheap when Covid hit a year earlier, which Fed speakers will underscore. But we also expect healthy readings for March retailing and housing.

In **Canada**, production bottlenecks might be part of the story for a pullback in factory shipments. Housing starts look to remain reasonably firm. The Bank of Canada's outlook survey could look very rosy, as the interviews were done before the recent decisions to tighten public health measures, and the questions generally ask about whether the next 12 months will be better than the prior year, a very low bar to beat in most sectors of the economy. Firming commodity prices could influence responses about cost and inflation ahead. But overall, given the unprecedented nature of this shock and recovery, it will be difficult to use the survey to get any real colour on either growth or inflation by comparing these answers to those of the past.

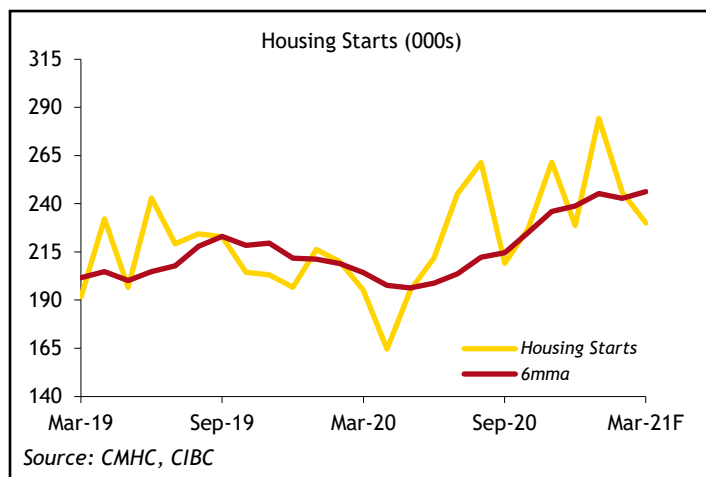
Week Ahead’s Key Canadian Number:

Housing Starts—March

(Friday, 8:15 a.m.)

Royce Mendes (416) 594-7354

	CIBC	Mkt	Prior
Housing Starts SAAR	230K	N/A	246K



Canada’s housing market has been a standout performer during the pandemic, and March likely saw builders continuing to break ground on new residential projects at a swift pace. The weather was unseasonably warm in many parts of the country, and building permits suggest that there was ample demand to keep construction workers busy during the month. While the pace of housing starts we’re forecasting is a deceleration from the highs reached earlier this year, it’s still well ahead of the pre-pandemic trend.

Forecast Implications — Residential investment has been heavily relied upon in recent months to support the economy while other sectors were under pressure. Although we see activity cooling off from the torrid pace of the past few quarters, new home construction is still expected to be a major contributor to overall GDP growth this year. That’s welcome news for a country that is in dire need of more housing, as clearly evidenced by the recent run up in home prices.

Other Canadian Releases:

Manufacturing Shipments — February

(Thursday, 8:30 am)

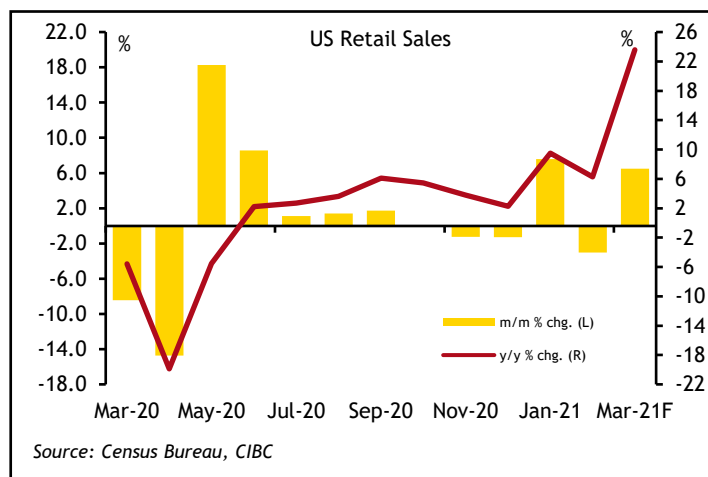
The factory sector seems to have taken a breather in February, with a roughly 1.0% drop in shipments expected. The transportation equipment industry appears to have been the culprit that ended the run of gains for manufacturing. As reported in the international trade release, auto assembly plants have been hampered by the global semiconductor chip shortage. That’s an issue that’s unlikely to fade in the next few months. We’ll also need to keep a close eye on factories across categories to see whether new, more contagious variants of the virus have any effects on workplaces in the coming weeks.

Week Ahead's Key US Number:**Retail Sales—March**

(Thursday, 8:30 a.m.)

Katherine Judge (416) 956-6527

	CIBC	Mkt	Prior
Retail Sales m/m %	6.5	5.1	-3.0
Retail Sales—ex auto %	6.1	4.6	-2.7
Retail Sales—control group %	5.8	6.4	-3.5



Indicators for March activity suggest that the recovery heated up as job creation accelerated, fresh stimulus payments were sent out, re-openings continued, and the weather improved. Mobility at retail and recreation locations jumped to the highest level seen since the pandemic began, setting the stage for a rebound in retail sales.

An expected 6.5% gain in retail sales would reflect higher spending at restaurants, as well as a climb in auto sales as suggested by the unit sales data. Gasoline sales will have also flattered the headline figure as prices and mobility increased. Excluding those categories, in addition to building materials, the control group of sales likely posted a slower but impressive advance of 5.8% as gains in clothing and department stores will have been driven by a return to in-store shopping.

Forecast Implications—With services continuing to re-open, spending will likely increasingly be funneled towards those sectors as retail sales in the control group are already 10% above year-ago levels. Consumer spending will be fueled by a combination of job gains, a draw down of excess savings, and fiscal stimulus, setting the US economy up for a scorching summer in terms of growth.

Market Impact—We are more optimistic than the consensus on the headline, and even an on consensus outcome would remind markets about the strength of the turn in US activity.

Other U.S. Releases:**Industrial Production—March**

(Thursday, 9:15 am)

Winter storms were behind much of the drop in industrial production in February. With manufacturing plants back up and running in March, hours worked rising, and rig counts climbing, both manufacturing and mining should have rebounded to support an overall 3.4% gain in industrial production, while the end of freezing temperatures could have seen utilities production swing in the other direction. Although manufacturing activity has made a relatively swift recovery so far, a global chip shortage will pose a challenge in some industries in the coming months.

CPI—March

(Tuesday, 8:30 am)

March will be the first month of CPI data in which base effects from the start of the pandemic will amplify core inflation. The expected 0.2% monthly gain in ex. food and energy prices will see core annual prices accelerate by two ticks to 1.5%, while total CPI inflation will surge to 2.5% on higher energy prices. In the months to come, more significant base effects, supply chain restraints, and surging demand upon re-openings could send core inflation as high as 2½%, something that the Fed is expecting to be temporary. We see scope for a more sustained rise in prices back towards that rate in 2022 as economic slack will be eliminated promptly this year.

CANADIAN RELEASE AND EVENT DATES

April/May 2021



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
5	6	7	8	9
	SASKATCHEWAN BUDGET	MERCHANDISE TRADE 8:30 AM \$MN 12 MO. BALANCE DEC -2,037 -37,253 JAN 1206 -33,249 FEB 1039 -29,848 IVEY PURCHASING MANAGERS' INDEX 10:00 AM MANITOBA BUDGET		LABOUR FORCE SURVEY 8:30 AM AVG EMPLOY UNEMP HRLY (HSHOLD) RATE EARN M Y % Y JAN -1.2 -4.4 9.4 5.9 FEB 1.4 -3.1 8.2 4.3 MAR 1.6 3.9 7.5 2.0
12	13	14	15	16
Bank of Canada Business Outlook Survey & Canadian Survey of Consumer Expectations			SURVEY OF MANUFACTURING 8:30 AM SHIPMENTS M Y DEC 1.3 -3.2 JAN 3.1 1.1 FEB ADP EMPLOYMENT SURVEY 8:30 AM	HOUSING STARTS 8:15 AM 000's (AR) TOTAL SINGLES JAN 284 74 FEB 246 67 MAR INT'L TRANSACTIONS IN SECURITIES C\$BN, NET 8:30 AM BONDS MONEY STOCKS TOT MARKET DEC -8.7 7.1 6.9 5.3 JAN 6.9 -11.6 5.9 1.3 FEB WHOLESALE TRADE 8:30 AM
19	20	21	22	23
FEDERAL BUDGET		CPI 8:30 AM M Y JAN 0.6 1.0 FEB 0.5 1.1 MAR Bank of Canada Interest Rate Announcement & Monetary Policy Report Bank of Canada Governor Macklem speaks at 11:15 AM ET		
26	27	28	29	30
		RETAIL TRADE 8:30 AM (Current\$) M Y DEC -3.7 2.8 JAN -1.1 1.3 FEB	PAYROLL EMPLOYMENT, EARNINGS & HOURS 8:30 AM	GDP BY INDUSTRY 8:30 AM (2002\$) GDP IND.PROD. M M DEC 0.1 0.5 JAN 0.7 1.7 FEB INDUSTRIAL PRICES 8:30 AM M (NSA) Y JAN 2.3 4.4 FEB 2.6 7.1 MAR
3	4	5	6	7
	MERCHANDISE TRADE 8:30 AM \$MN 12 MO. BALANCE JAN 1206 -33,249 FEB 1039 -29,848 MAR BUILDING PERMITS (\$) 8:30 AM M M (RES) (NON-RES) JAN 8.4 3.3 FEB -2.9 14.2 MAR			LABOUR FORCE SURVEY 8:30 AM AVG EMPLOY UNEMP HRLY (HSHOLD) RATE EARN M Y % Y FEB 1.4 -3.1 8.2 4.3 MAR 1.6 3.9 7.5 2.0 APR IVEY PURCHASING MANAGERS' INDEX 10:00 AM

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: Statistics Canada, CMHC, Human Resources Development Canada and the Bank of Canada.

U.S. RELEASE AND EVENT DATES

April/May 2021



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<p>5</p> <p>FACTORY ORDERS</p> <p>10:00 AM M(SA) Y(NSA)</p> <p>DEC 1.6 -0.3</p> <p>JAN 2.7 2.9</p> <p>FEB -0.8 1.9</p> <p>ISM NON-MFG SURVEY</p> <p>10:00 AM</p>	<p>6</p> <p>BOT (9:00) REDBOOK (8:55)</p>	<p>7</p> <p>GOODS & SERV. BALANCE (BOP) \$B</p> <p>8:30 AM GDS SERV TOT</p> <p>DEC -84.1 17.2 -67.0</p> <p>JAN -85.2 17.4 -67.8</p> <p>FEB -88.0 16.9 -71.1</p> <p>FOMC Minutes</p> <p>CONSUMER CREDIT</p> <p>3:00PM</p>	<p>8</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>9</p> <p>PPI</p> <p>8:30 AM M(SA) Y(SA)</p> <p>JAN 1.3 1.8</p> <p>FEB 0.5 2.8</p> <p>MAR 1.0 4.3</p> <p>WHOLESALE TRADE</p> <p>10:00 PM</p>
<p>12</p> <p>TREASURY BUDGET</p> <p>2:00 PM</p>	<p>13</p> <p>CPI</p> <p>8:30 AM M(SA) Y(NSA)</p> <p>JAN 0.3 1.4</p> <p>FEB 0.4 1.7</p> <p>MAR</p> <p>Beige Book</p> <p>BOT (9:00) REDBOOK (8:55)</p>	<p>14</p> <p>Beige Book</p>	<p>15</p> <p>RETAIL SALES</p> <p>8:30 AM M Y</p> <p>JAN 8.3 8.2</p> <p>FEB -2.7 5.5</p> <p>MAR</p> <p>PHILADELPHIA FED INDEX</p> <p>8:30 PM</p> <p>CAPACITY UTIL/IND. PROD.</p> <p>9:15 AM LEV M Y</p> <p>JAN 75.5 1.1 -1.9</p> <p>FEB 73.8 -2.2 -4.2</p> <p>MAR</p> <p>BUSINESS INVENTORIES</p> <p>10:00 AM</p> <p>NET CAPITAL INFLOWS TICS</p> <p>4:00 PM</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>16</p> <p>HOUSING STARTS</p> <p>8:30 AM Mn. M/M</p> <p>JAN 1,584 -5.1</p> <p>FEB 1,421 -10.3</p> <p>MAR</p> <p>MICHIGAN SENTIMENT (P)</p> <p>10:00 AM</p>
<p>19</p>	<p>20</p> <p>BOT (9:00) REDBOOK (8:55)</p>	<p>21</p>	<p>22</p> <p>EXISTING HOME SALES</p> <p>10:00 AM</p> <p>LEADING INDICATOR</p> <p>10:00 AM</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>23</p> <p>NEW HOME SALES</p> <p>10:00 AM</p>
<p>26</p> <p>DURABLE GOODS ORDERS</p> <p>8:30 AM M Y</p> <p>JAN 3.5 6.4</p> <p>FEB -1.1 3.2</p> <p>MAR</p>	<p>27</p> <p>S&P/CASE-SHILLER HOUSE PRICE INDEX</p> <p>9:00 AM</p> <p>CONSUMER CONFIDENCE</p> <p>10:00 AM</p> <p>BOT (9:00) REDBOOK (8:55)</p>	<p>28</p> <p>ADV. TRADE IN INTERNATIONAL GOODS</p> <p>8:30 AM</p> <p>FOMC Rate Decision</p> <p>Fed Chair Powell speaks @ 2:30 PM ET</p>	<p>29</p> <p>GDP</p> <p>8:30 AM (AR) REAL IMPLICIT</p> <p>GDP DEFLATOR</p> <p>20:Q3 33.4 3.5</p> <p>20:Q4 4.3 2.0</p> <p>20:Q1(adv.)</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>30</p> <p>ECI</p> <p>8:30 AM WAGES & TOTAL SALARY BEN.</p> <p>20:Q3 0.5 0.4 0.6</p> <p>20:Q4 0.7 0.9 0.6</p> <p>21:Q1</p> <p>PERS. INC & OUT.</p> <p>8:30 AM SAVING</p> <p>INCOME CONS RATE</p> <p>M M AR</p> <p>JAN 10.1 3.4 19.8</p> <p>FEB -7.1 -1.0 13.6</p> <p>MAR</p> <p>CHICAGO PMI</p> <p>9:45 AM</p> <p>MICHIGAN SENTIMENT (F)</p> <p>10:00 AM</p>
<p>3</p> <p>ISM MFG SURVEY</p> <p>10:00 AM COMP. PRICES INDEX</p> <p>FEB 60.8 86.0</p> <p>MAR 64.7 85.6</p> <p>APR</p> <p>LIGHT VEHICLES</p> <p>SALES MIL (AR) Y</p> <p>FEB 15.763 -6.0</p> <p>MAR 17.747 56.2</p> <p>APR</p>	<p>4</p> <p>GOODS & SERV. BALANCE (BOP) \$B</p> <p>8:30 AM GDS SERV TOT</p> <p>JAN -85.2 17.4 -67.8</p> <p>FEB -88.0 16.9 -71.1</p> <p>MAR</p> <p>FACTORY ORDERS</p> <p>10:00 AM M(SA) Y(NSA)</p> <p>JAN 2.7 2.9</p> <p>FEB -0.8 1.9</p> <p>MAR</p> <p>BOT (9:00) REDBOOK (8:55)</p>	<p>5</p> <p>ADP SURVEY</p> <p>8:15 AM</p> <p>ISM NON-MFG SURVEY</p> <p>10:00 AM</p>	<p>6</p> <p>NON-FARM PRODUCTIVITY</p> <p>8:30 AM Q/Q (AR) Y/Y</p> <p>20:Q3 4.2 3.9</p> <p>20:Q4 -4.2 2.4</p> <p>21:Q1(adv.)</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>7</p> <p>EMPLOY. SITUATION</p> <p>8:30 AM NON-CIV AVG FARM UNEMP HRLY PAYROLL RATE EARN</p> <p>FEB 468 6.2 5.1</p> <p>MAR 916 6.0 4.4</p> <p>APR</p> <p>WHOLESALE TRADE</p> <p>10:00 PM</p> <p>CONSUMER CREDIT</p> <p>3:00PM</p>

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets inc. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labor and U.S. Federal Reserve Board.

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