

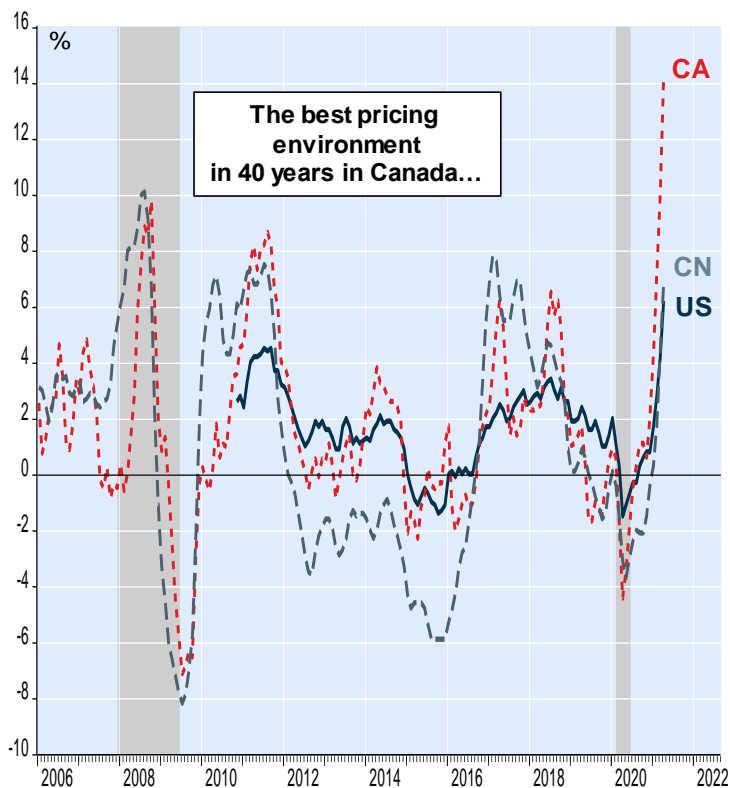
## Canada Watch

By Stéfane Marion

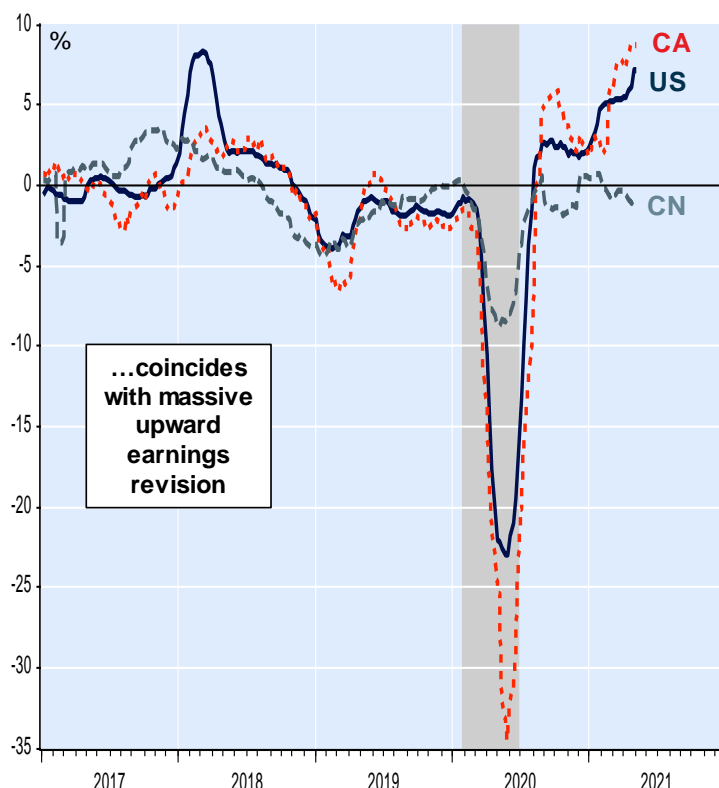
Canadian manufacturers have rarely enjoyed a pricing environment as favourable this year. According to Statistics Canada's flash estimate, the industrial product price index (IPPI) surged 1.7% in April. This propelled the y/y increase to 14.2%, the largest rise since February 1980. As today's Hot Chart shows, manufacturers operating in Canada have much better pricing power when compared to those of China and the U.S. Unsurprisingly, this dynamic is coinciding with significant upward revisions for S&P/TSX companies. As shown, over the past three months, year-ahead estimates for S&P/TSX earnings per share (EPS) have been revised up almost 9%, the most in more than a decade. As argued in our latest *Equity Monitor*, these developments leave us optimistic about the S&P/TSX, especially its more cyclical sectors.

### Canada: Best pricing environment since 1980 = earnings revisions

Price received by domestic producers:  
Canada, U.S. and China



Earnings revisions\*:  
Canada, U.S. and China



\* 3-month change in 12-month forward EPS estimates for S&P/TSX, S&P 500 and MSCI China

NBF Economics and Strategy (data via Refinitiv)

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