



## 3 Things to Watch on the TSX Index on Thursday

### Description

Down in the U.S., **Netflix** delivered weak subscriber numbers. In fact, it lost 125,000 subscribers in the latest quarter, the first decline since launching video streaming more than a decade ago. That will weigh on Nasdaq and the rest of the U.S.

Here in Canada, there's very little expected to move the markets except for a few earnings announcements. Action should be very slow on the TSX.

Here's what to watch on the TSX on Thursday.

### Aurora goes to Italy

**Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) announced Thursday before the markets opened that it had secured a two-year contract with the Italian government to supply medical cannabis to the country.

The contract, which calls for Aurora to supply a minimum of 400 kilograms, will be official once it's signed in September. Aurora will source the supply from its Canadian E.U. GMP-certified facilities as well as through Aurora Deutschland.

The big downside to this contract: it's providing medical cannabis at an average cost of \$1.94 per gram — about half the company's cash cost of sales per gram. While a money loser, it does make further inroads into the European market.

### West Fraser Timber delivers earnings

**West Fraser Timber** (TSX:WFT) announces its Q2 2019 results today after the markets close.

The consensus estimate for its latest quarter is \$0.42, significantly less than the \$1.58 estimate three months ago and \$0.75 just four weeks earlier. West Fraser, along with its competitors, is suffering through weak market conditions, forcing mill owners to curtail production on a temporary and, in some cases, permanent basis.

Hundreds of mill workers face job losses as a result of these market conditions.

## Inflation in Canada remains a concern

Statistics Canada released its monthly inflation number Wednesday. It came in at 2% for June down from 2.4% in May. Excluding gas prices, which dropped 9.2% last month, inflation was 2.6%.

“As has been so often the case in recent times, gasoline was the swing factor,” **BMO** chief economist Doug Porter wrote in a research note to clients. “Notably, inflation can’t really be described as ‘tame’ when one drives away from the gas station.”

While the main inflation number is relatively high, if one looks at the average of the three gauges of core inflation, the June rate actually decreased slightly to 2.03%.

As a result, the Bank of Canada is unlikely to lower interest rates in the near future.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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2. TSX:ACB (Aurora Cannabis)
3. TSX:WFG (West Fraser Timber Co. Ltd.)

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