



INVEST LIKE A PRO, WITH THE PROS!



Good morning!

This guy is one of the sharpest minds in the mining business, and he's still not even 40.



WATSON: KEY DIFFERENTIATOR IS OUR FOCUS ON EXPLORATION UPSIDE

Nolan Watson has steadily built *Sandstorm Gold (SSL-T; SAND-N)* into one of the premier gold streaming and royalty companies in the world over the last 10 years.

In our *Best of PDAC* episode of [Capital Ideas TV](#), find out how Watson and his team plan to double production by 2022, and why the stock is a bargain compared to its peers.

See the [Daily Update](#) at the end of this note for more details on the new [Capital Ideas Digest](#) and the latest episode of [Capital Ideas TV](#).

Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

March 23, 2018

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MARKETS

TSX equity futures and **U.S. futures** are mostly lower, although S&P 500 futures are slightly higher, after a precipitous, U.S. tariff-induced drop for the major indices on Thursday. China has now imposed \$3 billion of tariffs on U.S. goods. But Deutsche Bank calls China's response "contained and measured" for now.

In economic data, inflation in Canada in February rose at an annual rate of 2.2%, the fastest pace in three years, while retail sales in January were slower than expected.

CURRENCIES

The Canadian dollar is up 0.8% to \$0.7786 U.S.

Bitcoin is lower by 4.2% at \$8,344, according to CoinDesk.

COMMODITIES

West Texas Intermediate is up 0.7% at \$64.74 a barrel, partly because U.S. President Donald Trump has appointed Iran hawk John Bolton as his new National Security Adviser.

Gold is up 1.4% at \$1,345.70 as some investors seek some perceived safety amid renewed market turbulence.

STOCKS THAT MAY MOVE

Dream Office (D.UN-T) plans to buy back up to 10 million Series A units.

Pembina Pipeline (PPL-T) is issuing \$700 million (Canadian) in notes.

Fiera Capital (FSZ-T) is buying CGOV Asset Management, which has about \$5.3 billion in assets under management for more than \$114.2 million. Fiera also released quarterly earnings

results which saw revenue ahead of estimates and earnings below last year's numbers.

Delta 9 Cannabis (NINE-V) has struck a deal with Fort Garry Brewing Company to produce and market a hemp beer in Manitoba, for sales nationally.

Grande West Transportation Group (BUS-V) has received a follow-on order for its Vicinity buses worth \$1.6 million from Société de transport du Saguenay.

Target (TGT-N) and **Kroger (KR-N)** are reportedly talking about a merger.

Dropbox Inc (DBX-N) The largest tech stock debut in more than a year was priced at \$21 (U.S.) per share, higher than expected. The San Francisco-based company will have a market cap of about \$9.18 billion on a fully diluted share count.

Nike (NKE-N) The shoe and apparel maker is up about 5% in pre-market trading after solid earnings results and an upbeat forecast. Raymond James has raised its target price to \$75 from \$67.

Pfizer Inc (PFE-N) GlaxoSmithKline has withdrawn from the race to buy Pfizer's consumer healthcare business, endangering an auction the U.S. drugmaker hoped would bring in as much as \$20 billion. GSK was seen as the frontrunner to buy the assets, after Reckitt Benckiser quit the race late on Wednesday.

Wynn Resorts Ltd (WYNN-O) Steve Wynn, the former chief executive of Wynn Resorts, has disposed his entire 11.8% stake in the firm for \$2.1 billion in a dramatic exit of the casino and hotel enterprise he founded over 16 years ago. In an unexpected separate move, Macau casino operator Galaxy Entertainment said it has agreed to buy 5.3 million primary shares of Wynn Resorts at \$175 per share, giving them around a 5% stake in the operator which has resorts in Las Vegas and Macau.



CANADIAN ANALYSTS' CALLS

This is an overview of some of today's analyst research. We'll have more details on many of these reports in the next *Capital Ideas Digest* and on *Capital Ideas TV*.

AutoCanada (ACQ-T) Canaccord Genuity upgrades to "buy" with a target of \$27 (Canadian) after the company bought Grossinger of Illinois for \$110 million. The analyst also raised his 2018 and 2019 EPS estimates. RBC raises the price target to \$30 from \$27, which implies 42% upside, and maintains an "outperform" rating.

New Flyer Industries (NFI-T) GMP boosts the price target to \$70 from \$66, and maintains a "buy" rating after the bus maker beat analysts' estimates with its earnings results. The stock closed Thursday at \$60.50.

BRP Inc. (DOO-T) Desjardins Securities lifts the target to \$58 from \$54, maintains "buy".

Alio Gold (ALO-T) Raymond James upgrades to "market perform" with a target of \$5, down from \$7.25 following Alio's merger with Rye Patch Gold.

Eldorado Gold Corp (ELD-T) Desjardins cuts rating to "sell" from hold citing company's permitting, technical and execution uncertainties as key long-term challenges.



U.S. ANALYSTS' CALLS

INITIATIONS

Coeur Mining (CDE-N) Raymond James starts coverage with an "outperform" rating and a target of \$9.50 (U.S.).

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3M (MMM-N) RBC cuts the target to \$241 from \$254.

Darden Restaurants Inc (DRI-T) Deutsche Bank cuts price target to \$96 from \$99 saying that "beat-and raise" results are needed to drive shares higher and increase investor optimism.

Micron Technology Inc (MU-T) Morgan Stanley raises target price to \$65 from \$54 after the company reported a solid quarter and provided guidance in line with estimates.

Nike Inc (NKE-N) Jefferies raises price target to \$68 from \$59 considering that the North American business is inflecting in the fourth quarter, fueled by product innovation.

Nomad Foods Ltd (NOMD-O) Deutsche Bank cuts price target to \$20 from \$21 saying that the company is positioned well in growing end markets, management talent and low valuation.

Tenet Healthcare Corp (THC-T) Mizuho resumes coverage with "buy" rating saying the company's strategic focus is more clear under the new CEO and the initiatives underway should improve earnings.

CHART OF THE DAY

This from our friend Dwight Galusha at setyourstop.com who's identified a seasonal uptick in a number of natural gas producers, **Birchcliff Energy (TSX:BIR)** among them. Historically,

natural gas stocks often move higher around this time of year until mid-June.

Birchcliff Energy (TSX:BIR)



WHAT WE'RE READING

Why a [Dow Theory](#) signal could trigger heavy selling.

Daily Update

In the new episode of [Capital Ideas TV](#), we also talk to the CEOs of three companies that are gunning for a healthy piece of the electric vehicle battery market. Get investment insights on [LSC Lithium \(TSXV:LSC\)](#), [Far Resources \(CSE:FAT\)](#), and [Pacific Rim Cobalt \(XSE:BOLT\)](#).

Our current [Capital Ideas Digest](#) features research and a cover story on a company with a unique mix of growth and cash flow, plus a dividend yield of more than 6%. We've also curated some analyst

research on an energy company undergoing a strategic review that could have more than 60% upside, and a pharma company with a runway to gain nearly 80%.

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[Capital Ideas TV](#) – *Thursdays on YouTube at 7 pm ET, 4 pm PT.
Sundays on BNN at 9 pm ET, 6 pm PT.*

[Capital Ideas Digest](#) – *Tuesday's at 7 pm ET, 4 pm PT.*

Access, insight and ideas!

Have a great day!



Mark Bunting | *Publisher*
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