



**INVEST LIKE A PRO, WITH THE PROS!**



Good morning!

Don't miss the new [Capital Ideas Digest](#) which examines a Canadian technology company supplying the largest semiconductor equipment manufacturers in the world. The research says 'Giddy-Up' - there's a record quarter on the way, and 65% upside for the stock.

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](#).

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## Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

March 28, 2018

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### MARKETS

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TSX equity futures and U.S. futures are set for a firmer opening after the sizeable pullback on Tuesday.

Overseas, the major European indices are playing catchup to the downturn in the U.S yesterday.

In Asia, Japan's Nikkei ended down 1.3% after falling as much as 2%.

In economic data, U.S. Q4 GDP was revised higher to 2.9% annual growth from 2.7%.

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### CURRENCIES

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The Canadian dollar is down slightly to \$0.7749 U.S.

Bitcoin is up 3% at \$8,032.55, according to CoinDesk.

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### COMMODITIES

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West Texas Intermediate is lower by 0.9% \$64.69 a barrel after a surprise jump in weekly inventories, according to the American Petroleum Institute. The weekly inventory numbers from the U.S. government will be released at 10:30 am ET.

Gold is down 0.7% at \$1,338.10.

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### STOCKS THAT MAY MOVE

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**BlackBerry (NASDAQ:BBRY; TSX:BB)** Record quarterly software revenue of \$212 million - 70% of that recurring - helped the company turn in a narrower loss than expected. The stock is up about 6% in pre-market trading. The company recently signed CEO John Chen to a five-year contract extension that could be worth up to \$300 million. BlackBerry also recently struck deals with Jaguar Land Rover and Microsoft.

**Badger Daylighting (TSX:BAD)** is increasing its annual dividend by 18% to 54 cents per share or 4.5 cents (Canadian) per month. The company also had quarterly profit of \$31.2 million or 84 cents per share compared to \$7.4 million or 20 cents for the same quarter a year earlier. Total revenue was below estimates at \$132.8 million, but up from \$110.9 million last year.

**Liberty Health Sciences (CSE:LHS)** A couple of cannabis deals of note. LHS has acquired a 75% stake in William Noyes Webster Foundation for \$16 million (U.S.). The company says it's buying an "integrated medical cannabis license" in Massachusetts, and a cultivation facility and a dispensary location "both nearing completion, as well as leases and local governmental approvals in place for two additional dispensary locations."

**CannaRoyalty (CSE:CRZ)** is buying River Distribution, which includes "a number of leading California brands sourced from across the state." CannaRoyalty said the deal will make it one of the biggest Cannabis distributors in California. CRZ is paying five million CannaRoyalty common shares, with 1.65 million shares subject to "operational milestones", and two million shares, "subject to the successful completion by RVR of financial milestones to be agreed on by the parties."

**Hudson's Bay (TSX:HBC)** recorded its first profit in eight quarters, but missed expectations as same-store sales, down overall by 2.4%, and profit margins declined in some divisions.

**Concho Resources (NYSE:CXO)** is buying **RSP Permian (NASDAQ:RSPP)** for \$8 billion.

**Facebook (NASDAQ:FB)** is giving users more control over their privacy by making data management easier and redesigning the settings menu in the wake of a scandal over a breach that exposed the personal information of millions and was allegedly used by a political consultancy.

**Shire PLC (NASDAQ:SHPG)** Takeda Pharmaceutical is considering a bid for Shire to help expand in rare diseases, hyperactivity drugs and the United States. Shire has a market value of nearly 33 billion pounds. Shire is up 20% in London trading.

**Tesla (NASDAQ:TSLA)** A fatal crash and vehicle fire of a Tesla Model X in near California last week has prompted a federal field investigation, the U.S. National Transportation Safety Board. Moody's Investors Service also downgraded Tesla's credit rating to B3 from B2 to "reflect the significant shortfall in the production rate of the company's Model 3 electric vehicle." It also "faces liquidity pressures due to its large negative free cash flow and the pending maturities of convertible bonds." (See [What We're Reading](#) below for a very negative take on Tesla.)

**Rio Tinto (NYSE:RIO)** has sold its remaining coal mine in Australia for \$2.55 billion.

*With files from The Globe and Mail, Reuters and Bloomberg.*

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## CANADIAN ANALYSTS' CALLS

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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*.

## INITIATIONS

### **Atlantic Gold (TSXV:AGB)**

Beacon Securities is restarting coverage after a change in analyst with a "buy" rating and a price target of \$3.25 (Canadian), giving the stock potential gains of 68%.

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**Cenovus (TSX:CVE)** Tudor Pickering and Co. is upgrading the stock to a "buy" rating.

**Profound Medical (TSXV:PRN)** CIBC reduces the target to \$3.15 from \$3.50. The stock closed Tuesday at \$0.97.

**Torex Gold Resources (TSX:TXG)** TD Securities cuts the price target to \$14.50 from \$19, to reflect the blockade of the company's Limon pit, and saying that the company will probably generate significant negative free cash flow and might require refinancing in the second half of 2018.

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## U.S. ANALYSTS' CALLS

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**lululemon (NASDAQ:LULU)** RBC raises the price target to \$92 (U.S.) from \$90, implying 17% upside, and maintains an "outperform" rating on the Vancouver-based, U.S.-listed company after it beat quarterly earnings estimates and raised its guidance. Deutsche Bank raises the target to \$96 from \$95 citing the company's 42% growth in its e-commerce business.

**Apple (NASDAQ:AAPL)** RBC is reducing the price target to \$203 from

\$205, giving the shares 22% upside, and maintaining an "outperform" rating saying that it's modestly lowering its iPhone sales and average selling price estimates. Goldman Sachs has also cut its iPhone sales forecast.

**Sonic Corp (NASDAQ:SONC)** Canaccord Genuity cuts target price to \$27 from \$30 after the company reported fiscal second quarter results marked by disappointing same-store sales figures.

**FireEye Inc (NASDAQ:FEYE)** Morgan Stanley raises target to \$21 from \$19, following the company's better than expected fourth quarter result and expecting the company to achieve double digit growth figures.

**Southwest Gas Holdings Inc (NYSE:SWX)** Jefferies cuts price target to \$69 from \$72, citing the company's lower 2018 expectations and model tweaks.

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## WHAT WE'RE READING

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Hedge Fund manager says Tesla is four months away from a ["total collapse"](#).

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## Daily Update

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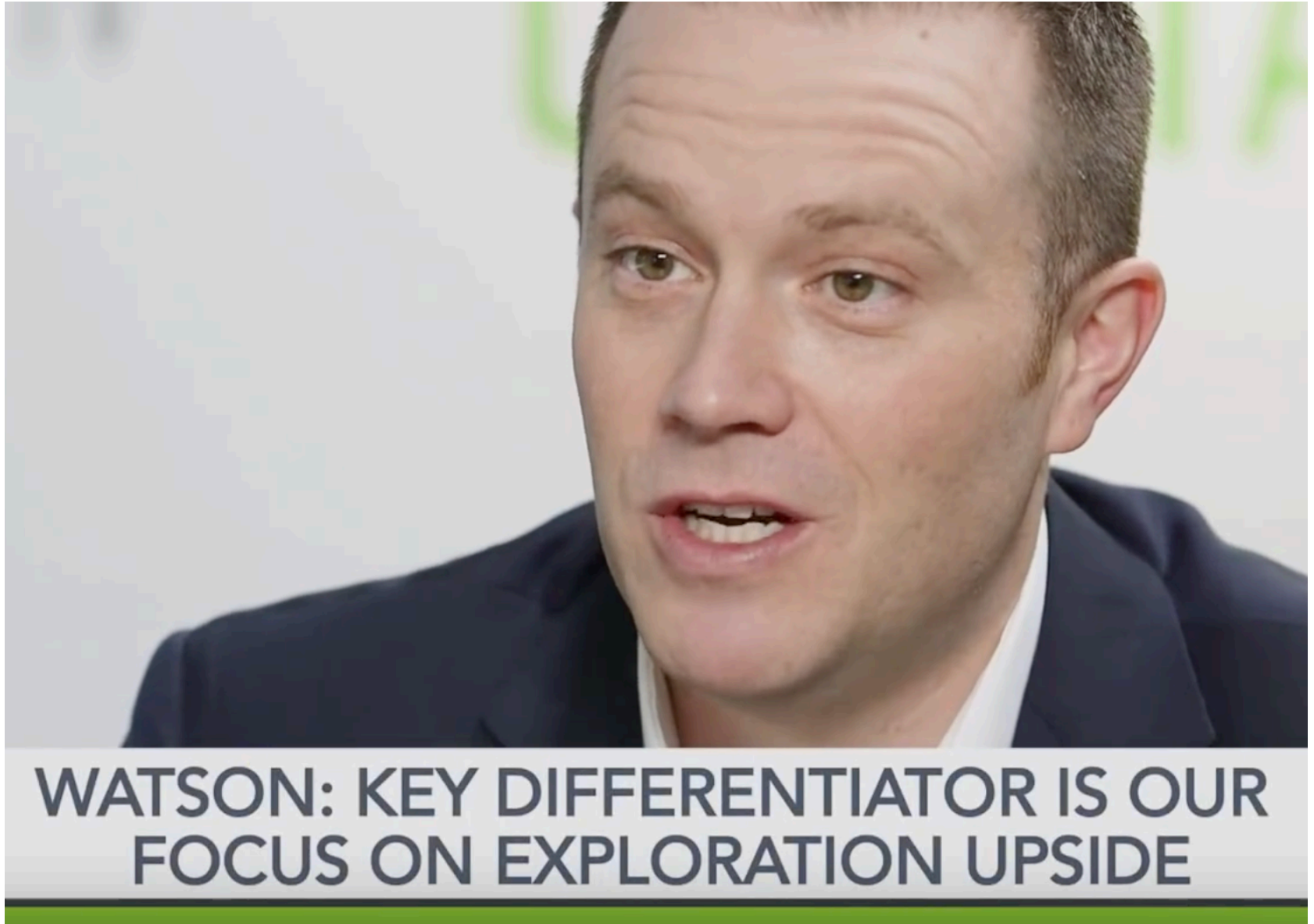
The new Digest also has new analyst coverage of a company that is capitalizing on data security concerns. **The research says the shares could gain 30%.**

We've also got coverage of an undervalued gold company with a respected management team and **shares that could more than double.**

A new episode [Capital ideas TV](#) will be posted tomorrow. While you eagerly wait for that, watch the current episode, which highlights streaming and royalty company **Sandstorm Gold (TSX:SSL; NYSE:SAND).**

Nolan Watson, was once the youngest-ever CFO of a New York

Stock Exchange-listed company - at 26! Now, at 38, he's quietly building one of the best players in the space. Watch our interview with Watson [here](#).



Join more than 75,000 people who watch [Capital Ideas TV](#) every week on YouTube, BNN, through our partners at SmallCapPower, and on social media. Get access to innovative, growth company investment ideas.

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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*  
***Capital Ideas Media***

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