



INVEST LIKE A PRO, WITH THE PROS!



Good morning!

For tomorrow's [*Capital Ideas Digest*](#), we've uncovered an acquisitive, small cap technology company under new management with strong EBITDA and revenue growth. Watch for it.

Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

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MARKETS

TSX and U.S. equity futures are pointing higher in the wake of the solid U.S. jobs numbers on Friday, amid simmering global trade tensions, and ahead of the G7 summit this weekend.

The major **European** indices are higher.

Asian indices rose overnight including Japan's **Nikkei**, which was up 1.4%.

CURRENCIES

The **Canadian dollar** is up 0.3% to \$77.43 U.S.

Bitcoin is lower by 2.3% to \$7,521, according to CoinDesk.

COMMODITIES

West Texas Intermediate is down 0.6% to \$65.39 a barrel as the U.S. is producing crude at a record level.

Gold is flat at \$1,300.60.

STOCKS THAT MAY MOVE

Microsoft (NASDAQ:MSFT) is set to buy software development startup GitHub for \$2 billion, according to multiple reports, in a move that some are describing as a return to the company's roots.

Thomson Reuters (TSX:TRI) has named Co- Chief Operating Officers.

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



CANADIAN ANALYSTS' CALLS

Dollarama (TSX:DOL) TD upgrades to "buy" with a price target of \$175 (Canadian).

Keyera (TSX:KEY) Macquarie reinstates with an "outperform" and a target of \$42.

Maple Leaf Foods (TSX:MFI) Scotiabank upgrades to "outperform".

Sherritt (TSX:S) Scotiabank upgrades to "outperform" with a target of \$1.60.

Pinnacle Renewable Holdings (TSX:PL) CIBC lifts the target to \$17 from \$16 and reiterates an "outperformer" rating. The stock closed Friday at \$14.

BRP Inc. (TSX:DOO) CIBC hikes the target to \$69 from \$56 and reiterates an "outperform" rating. The stock closed Friday at \$60.40.

Neo Performance Materials (TSX:NEO) RBC maintains it's "outperform" rating and price target of \$24, which implies 35% gains, saying it sees...

"...multiple drivers of earnings growth, leveraging Neo's unique products and R&D initiatives, strong customer relationships and sound execution...we see compelling valuation at 6.5x 2019 estimated EV/EBITDA and expect the gap to peers to narrow".



U.S. ANALYSTS' CALLS

INITIATIONS

AXA Equitable Holdings (NYSE:AXA) RBC starts coverage with an "outperform" and a price target of \$26 (U.S.), which gives the shares a projected return of 21%, saying of the company...

"AXA Equitable is a mature well-established retirement products company with leading market positions. Its balance sheet is clean, with no legacy concerns and excess capital...it is positioned to deliver earnings growth and capital return which will drive a rising return on equity".

Select Energy Services (NYSE:WTTR) RBC begins coverage with an "outperform" and a target of \$40, which suggests a projected return of 49%. Select Energy's made 50+ acquisitions since 2007 and RBC says the company is...

"...ideal for small cap investors looking for direct exposure to the completions water solutions business and tangential exposure to frac. WTTR's future free cash flow generation should enable it to be opportunistic on the M&A front and be on the leading edge of new technology. These dynamics should help drive share gains and maintain its market-leading position for Water Solutions".

Wyndham Hotels & Resorts (NYSE:WH) started at "buy" at

Stifel Nicolaus with a target of \$68.

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GDS Holdings (NASDAQ:GDS) RBC boosts the target to \$52 from \$45, implying 38% gains, and maintains an "outperform".

American Eagle Outfitters (NYSE:AEO) B.Riley FBR raises price target to \$27 from \$26 after the company delivered a Q1 earnings beat, driven by strong comp stores sales and good margin expansion.

Ashland Global Holdings (NYSE:ASH) Jefferies raises price target to \$95 from \$85 to reflect the company's share gains in Specialty Ingredients, improved products mix; and share repurchases to support EPS growth.

Immunogen Inc (NASDAQ:IMGN) Leerink raises price target to \$15 from \$14 saying that the company has completed a comprehensive clinical program with lead a proprietary product candidate in ovarian cancer.

Union Pacific (NYSE:UNP) Baird raises price target to \$155 from \$144 considering the company's accelerating pricing profit growth remain a cyclical tailwind to the broader rail group into the second half of 2018.

World Wrestling Entertainment (NYSE:WWE) Keybanc Capital raises the target to \$71 from \$49.

WHAT WE'RE READING

Why technology is [breaking out](#), not breaking down, and a roundup of other stories.

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