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Please note:

The weekly *Capital Ideas Digest* has gone fishin' for the next three weeks. The Digest will return on Tuesday, August 21.

The daily weekday Morning Note will continue with its usual schedule.



Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

July 27, 2018

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CANADIAN ANALYSTS' CALLS

DOCKS stocks. Huh? Yes, it doesn't have the same mildly aggravating ring of FAANG, but our friend Ryan Modesto of 5i Research has come up with this acronym to categorize the leading Canadian technology companies that have returned nearly 290% combined last three years.

The DOCKS are **Descartes Systems (TSX:DSG;NASDAQ:DSGX)**, up more than 30% since March 6 cover story. You're welcome. **Open Text (TSX:OTEX;NASDAQ:OTEX)**, **Constellation Software (TSX:CSU)**, **Kinaxis (TSX:KXS)**, and **Shopify (TSX:SHOP;NYSE:SHOP)**.

TFI International (TSX:TFII) TD Securities upgrades to "buy" and hikes the target price (Canadian) from \$45. RBC boosts the target to \$46 from \$40, indicating gains of 19% and maintains an "outperform" after the company's "blowout" quarter. CIBC moves the target to \$47 from \$45 and reiterates "outperformer". Desjardins lifts the target to \$48 from \$45 and maintains "buy".

CRH Medical (TSX:CRH) TD Securities upgrades to "buy" and raises the target to \$50 from \$46, indicating 9% gains. RBC maintains "outperform" and maintains "buy".

Linamar (TSX:LNR) TD Securities upgrades to "buy" from hold.

Mullen Group (TSX:MTL) RBC lifts the price target to \$18 from \$16, which gives the stock 21% upside, and maintains an "outperform". CIBC boosts the target to \$18 from \$17 and maintains "neutral".

Barrick Gold (TSX:ABX) CIBC cuts the target to \$14.50 (U.S.) from \$17 and maintains "neutral".



U.S. ANALYSTS' CALLS

Amazon.com (NASDAQ:AMZN) RBC boosts the target to \$2,100 from \$1,900, implying 10% upside and a \$1 trillion market cap, and maintains an "outperform" after the company's "very strong" earnings report which included record profit. J.P.Morgan goes from "neutral" to "buy" and hiking its target to \$2,200 from \$1,900.

H & E Equipment Services (NASDAQ: HEES) RBC moves the target to \$47 from \$46, suggesting 22% gains, and maintains an "outperform".

Raymond James Financial (NYSE:RJF) JMP Securities upgrades to "outperform" on valuation and growth potential.

STOCKS THAT MAY MOVE

Cannabis stocks The new Ontario government is reportedly going to change the retail model of how cannabis will be distributed from public to public/private, which would allow private (many publicly-listed) companies to own cannabis retail shops.

StorageVault (TSXV:SVI) has agreed to buy five stores from four different buyers in four provinces for nearly \$44 million.

Summit Industrial Income REIT (TSX:SMU.UN) is buying a single-tenant logistics facility in Oshawa for \$36.6 million.

Aecon Group (TSX:ARE). Q2 revenue rose 10% from last year to \$755 million while profit was \$8.4 million or 13 cents per share versus a profit of \$800,000 or a penny per share last year. Revenue was slightly ahead of estimates while profit was in line. Aecon also reported a record order backlog of \$6.4 billion.

Air Canada (TSX:AC) reported a net loss in its most recent quarter but beat estimates on an adjusted earnings basis. The airline also said it would raise fares to deal with higher fuel costs.

Detour Gold (TSX:DGC) Activist investor John Paulson has nominated eight candidates to Detour's board to replace the current slate and asked the company to hold a vote at a shareholder meeting by September 28. Detour says it will review the request and respond in due course.

Twitter (NASDAQ: TWTR) is down about 15% in pre-market after reporting slower than expected user growth.

BP (NYSE:BP) is paying \$10.5 billion (U.S.) to buy **BHP Billiton's (NYSE:BHP)** shale oil assets in the U.S.

Tesla (NASDAQ:TSLA) Famed investor Steve Eisman, the subject of the book and movie *The Big Short*, said on Bloomberg this morning that he's short the electric automaker due in part to its cash flow and execution problems.

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

MARKETS

TSX and U.S. equity futures are higher after a second reading said the U.S. posted GDP growth of 4.1% in the second quarter, the fastest pace since 2014.

Global stocks are higher for a sixth straight session and on pace for a fourth week of gains based on the MSCI all-country world index.

CURRENCIES

The Canadian dollar is slightly higher at \$76.53 U.S.

Bitcoin is down 1.3% at \$7,827, according to CoinDesk, after the Winklevoss twins were rejected by the SEC in their attempt to list a bitcoin ETF.

COMMODITIES

West Texas Intermediate is off 0.2% to \$69.46 a barrel, and headed for a fourth week drop.

Gold is down by 0.3% at \$1,221.70 an ounce.

Daily Update

Check out the latest [Capital Ideas Digest](#) for our cover story idea on an outperforming stock which could see annual gains of as much as 20% for the next several years.

Also, watch the weekly [Namaste Live 420](#) with CEO *Sean Dollinger* on the company's earnings and its application to list on the Nasdaq. The show also features an in-studio interview with the company's new CFO, *Kenneth Ngo*.

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Have a great weekend!



Mark Bunting | *Publisher*
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