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Reminder:

The weekly *Capital Ideas Digest* will not be published for the next three weeks and will return August 21.

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

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Keep reading for an analyst's new coverage of a fully financed, low-cost premium producer that could be an attractive candidate for strategic investors or acquirers. And it has 60% upside.



Morning Need to Know by Capital Ideas Research

Getting you ready for your investing day

July 30, 2018

Written & compiled by Mark Bunting, Publisher, Capital Ideas Media



CANADIAN ANALYSTS' CALLS

INITIATIONS

Organigram (TSXV:OGI) This one's been a nice winner for us having tripled or so since we first covered it about two years ago. Echelon Wealth Partners starts coverage with a "speculative buy" and a target of \$7 (Canadian). The stock closed Friday at \$4.38. More on Organigram below.

Minto Apartment REIT (TSX:MI.UN) Bright lights, big city apartment REIT. Not quite the title of the Jay McInerney novel and ill-fated Michael J. Fox movie but that's the gist of RBC's new coverage starting with an "outperform" rating and a price target of \$19, giving the units a less than thrilling but not to sneeze at 14% upside.

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Agnico Eagle Mines (TSX:AEM;NYSE:AEM) RBC upgrades to "outperform" and hikes the target to \$55 (U.S.) from \$49, which implies 33% gains.

PFB Corp. (TSX:PFB) Cormark raises to "buy" and lifts the target to \$10.25 (Canadian) from \$9.

Aecon (TSX:ARE) Desjardins boosts the target to \$20 from \$19, increases its earnings estimates and maintains a "buy" rating

Air Canada (TSX:AC) RBC boosts the target to \$32 from \$28, suggesting 36% upside, and maintains an "outperform-speculative risk" rating.

ARC Resources (TSX:ARC) RBC lifts the target to \$20 from \$19, implying 32% upside, and maintains an "outperform".

Morneau Shepell (TSX:MSI) CIBC is off restriction and re-starts

coverage reinstating an "outperformer" rating and hiking the target to \$29 from \$27.25 to reflect the company's LifeWorks acquisition.

Pinnacle Renewable (TSX:PL) CIBC ups the target to \$17.50 from \$17 and reiterates "outperformer".



U.S. ANALYSTS' CALLS

Advanced Micro Devices (NYSE:AMD) Cowen & Co. boosts the target to \$25 (U.S.) from \$21 following the company's strong earnings results and de-risked second half of 2018.

Electronic Arts (NASDAQ:EA) Ascendant Capital lifts the target to \$155 from \$150 due to overall strength in the business and cost management.

Microsoft (NASDAQ:MSFT) RBC reduces the target to \$124 from \$128, indicating 16% gains, and maintains an "outperform" to reflect tax implications of repatriating overseas cash.

STOCKS THAT MAY MOVE

Caterpillar (NYSE:CAT) When the world's largest heavy equipment company beats earnings estimates and raises its profit forecast that should probably be construed as good news for the global economy. The stock is higher by 3% in pre-market trading.

Bombardier (TSX:BBD.B) has won a \$303 million contract to supply commuter trains for the city of Paris.

Granite REIT (TSX:GRT.UN) has sold two of its U.S. special-purpose properties in the U.S. to Magna International for \$207 million (Canadian).

Organigram Holdings (TSXV:OGI) reported sales of \$3.7 million for its third quarter compared to \$1.9 million for the same time last year, while net income was \$2.8 million or 2 cents per share versus a loss of \$2.3 million or 2 cents a year earlier.

Emerald Health Therapeutics (TSXV:EMH) and Village Farms International (TSX:VFF) say their Pure Sunfarms joint venture has been granted its cannabis sales license from Health Canada.

Photon Control (TSX:PHO) One of our favourite ideas has signed an exclusive distribution agreement with Crowntech Photonics, a manufacturer and distributor of integrated fiber optic modules for the datacom and telecom industries in China.

Tyson Foods (NYSE:TSN) has cut its profit forecast due to uncertainty in trade policies and increased tariffs.

American Express (NYSE:AXP) increased its currency conversion rates for business customers, starting in 2004, without telling its clients, according to the Wall Street Journal.

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

MARKETS

TSX and U.S. equity futures are mixed to start the week ahead of a Federal Reserve meeting, and earnings reports from the likes of Apple, BCE and Restaurant Brands.

CURRENCIES

The Canadian dollar is basically flat at \$76.63 U.S.

Bitcoin is down 1% at \$8,132, according to CoinDesk,

COMMODITIES

West Texas Intermediate is back above \$70 a barrel (U.S.), rising 2% to \$70.06.

Gold is down slightly at \$1,221.40 an ounce.

Daily Update

The latest [Capital Ideas Digest](#) explains why 43-year old *Microsoft* is as good or better than any FAANG stock, and could see annual gains of as much as 20% for the next several years.

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Have a great day!



Mark Bunting | *Publisher*
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