



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

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Good morning!



The *Morning Note* is going on hiatus and will return Thursday, August 30.

The *Capital Ideas Digest* will return August 21.

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## **Morning Need to Know by Capital Ideas Research**

Getting you ready for your investing day

**August 17, 2018**

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## CANADIAN ANALYSTS' CALLS

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### INITIATIONS

**Amarillo Gold (TSXV:AGC)** Mackie Research starts coverage with a "speculative buy" and a price target of \$0.80 (Canadian), which gives the shares a projected return of 233% from the current price. Mackie says:

*"With a new management team and a refinanced treasury, Amarillo Gold has set its sights back on advancing its flagship Mara Rosa open-pit gold deposit in Brazil. Infill drilling is now underway, in preparation for a feasibility study scheduled to begin in early 2019".*

**Frontera Energy (TSX:FEC)** CIBC begins coverage with an "outperformer-speculative buy" and a 12-18 month target of \$30, which implies nearly 70% upside. CIBC says:

*"Although the stock has largely flown under the radar of investors since its restructuring transaction closed in November 2016, a number of interesting corporate and operational catalysts should see Frontera competing for investor mindshare over the next year".*

**Cott (TSX:BCB;NYSE:COT)** TD Securities begins coverage with an "action list buy" and a target of \$22 (U.S.).

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**Waste Connections (NYSE:WCN)** CIBC raises the target to \$85 from \$83 and maintains its "outperformer-top pick" rating

saying that they are:

*"...reaffirming our view that this remains one of our top picks given its long-term earnings/FCF visibility, competitive moat, corporate culture, and best-in-class management team.*

**Enbridge (TSX:ENB;NYSE:ENB)** Bank of America Merrill Lynch upgrades to "buy" and hikes the target to \$50 from \$49.

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## U.S. ANALYSTS' CALLS

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**Fluor (NYSE:FLR)** Canaccord Genuity upgrades to "buy" and moves the target to \$63 from \$56.

**Wal-Mart (NYSE:WMT)** Morgan Stanley boosts the target to \$98 from \$93 saying the the world's largest retailer is reaching new customers. J.P. Morgan hikes the target to \$103 from \$87. Cowen & Co. goes even higher to \$115 from \$105.

**Nordstrom (NYSE:JWN)** Cowen & Co. lifts the target to \$56 from \$51. (See below).

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## STOCKS THAT MAY MOVE

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**Deere & Co. (NYSE:DE)** said quarterly profit rose 42% from last year on solid demand for its agricultural equipment.

**Nordstrom (NYSE:JWN)**. Wal-Mart surged on Thursday after saying profit was helped by robust e-commerce sales. Now, Nordstrom is higher by 9% in pre-market trading following its earnings results in which the high-end department store operator reported that online sales rose 22% from last year, and it gave a forecast above Wall Street estimates.

**Nvidia (NASDAQ:NVDA)** said demand for its chips from the cryptocurrency sector had dried up helping to send the stock lower after hours. The stock is down 5% ahead of the opening bell.

**Applied Materials (NASDAQ:AMAT)**. The semiconductor equipment maker forecast lower profit than expected adding to concern that a two-year boom in chips is weakening.

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

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## MARKETS

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**TSX and U.S. equity futures** are pointing to a slightly weaker start as the U.S. is threatening more sanctions against Turkey if an American pastor is not released from jail, and the rally in the Turkish lira ends with the currency lower by 6% versus the U.S. dollar.

Canada's consumer price inflation hit 3% in July, the highest level since 2011.

U.S. President **Donald Trump** has asked the U.S. securities regulator to examine the possibility of corporations being able to report earnings on a six-month basis, as is allowed in Europe, instead of quarterly.

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## CURRENCIES

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The Canadian dollar is higher by 0.6% to \$76.44 U.S.

Bitcoin is up 2.6% to \$6,478, according to CoinDesk.

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## COMMODITIES

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West Texas Intermediate is up 0.9% to \$66.00 a barrel and is

set for its seventh week to the downside, the weakest run since 2015, partly on concern of slowing growth in China.

Gold is up a bit \$1,184.40 an ounce but is lower by 14% since its April peak.

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## Daily Update

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We thoroughly enjoyed meeting and interviewing executives of *Cannex Capital (CSE:CNNX)* and *Isodiol (CSE:ISOL)*, two promising companies in the cannabis sector with an international focus. Watch out for those interviews early next week.

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