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## GORENSTEIN: CRONOS HAS OPPORTUNITY TO BUILD PRESENCE ALL OVER THE WORLD

**Cronos Group** CEO *Michael Gorenstein* was all smiles when we interviewed him a few months ago. But the company's stock dropped nearly 30% on Thursday on a short seller's report. Keep reading to see what analysts are saying.



*Boyd Group Income Fund (TSX:BYD.UN)* (five-year chart above) and *Savaria (TSX:SIS)* are just two of the big long-term winners *5i Research* has highlighted in recent years.

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

Getting you ready for your investing day

August 31, 2018

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

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## CANADIAN ANALYSTS' CALLS

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**Cronos Group (TSX:CRON;NASDAQ:CRON)** is up slightly in pre-market trading after plunging nearly 30% on Thursday following a negative report from short seller Andrew Left. Analyst Jeremiah Katz of PI Financial says the sell-off is "*unjustified*" and investors should "*buy on weakness*" in part because he says Left's report is "*light on meaningful content and had numerous red herrings*". GMP analyst Martin Landry calls many of Left's claims "*unfounded and biased*".

Cronos CEO *Michael Gorenstein* told BNN Bloomberg, "*I'm not able to comment on short seller reports at this time, but I can assure that all of our public offerings have been fully underwritten and we've had top legal advisors review our disclosure. We are very confident in our disclosure to the market.*" Gorenstein is a lawyer by trade.

I've contacted Gorenstein to see if he'd like to come on our show again to update the company's story and refute Left's claims. Shares of Cronos had doubled in recent weeks partly on the expectation that it would team up with a big beverage maker. The stock had been up more than 600% this year before the big downturn yesterday.

Here's our [\*interview with Gorenstein\*](#) from March of this year.

**BRP (TSX:DOO)** CIBC ups the target to \$79 (Canadian) from \$69, the stock closed at \$70.22, and reiterates "*outperformer*". Desjardins

moves the target to \$76 from \$68, lifts its 2018/19 EPS estimates and maintains a "buy". Canaccord's target goes to \$80 from \$69 and maintains a "buy".

**Rogers Communications (TSX:RCI.B)** Morgan Stanley ups the target to \$69 from \$65 to reflect the company's strong free cash flow, business mix and better than expected wireless results.

**Hudbay Minerals (TSX:HBM)** CIBC lowers its copper and zinc forecasts due to slowing demand and reduces the targets on a number of mining companies including Hudbay where the target goes to \$10 from \$12.

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## U.S. ANALYSTS' CALLS

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**Lululemon (NASDAQ:LULU)** RBC boosts the price target to \$160 (U.S.) from \$130, which gives the stock 17% upside, hikes its 2018 EPS estimates and maintains an "outperform" after the company's "blowout" quarter. Lulu's China e-commerce sales rose 200% from last year. Barclays lifts the target to \$200 from \$150, saying the company's total available market and consumer acceptance are larger than investors realize.

**Ciena (NASDAQ:CIEN)** Jefferies raises the target to \$38 from \$31 after the company's earnings results.

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## STOCKS THAT MAY MOVE

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**Trinidad Drilling (TSX:TDG)** is telling shareholders to not take action on the hostile \$1.68 (Canadian) a share cash offer from Ensign Energy Services, saying the bid is no different from an August 11 offer, and that it would have a formal recommendation for shareholders in 15 days.

**Medical Facilities (TSX:DR)** has arranged a new \$150 million (U.S.) syndicated revolving credit facility with a five-year maturity, which replaces the company's \$100 million (Canadian)-dollar facility maturing at the end of this year.

**Coca-Cola (NYSE:KO)** is lower in pre-market trading after announcing it was buying UK coffee chain Costa Coffee for \$5.1 billion, including debt, from Britain's Whitbread.

*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 indicating a lower opening as U.S. President Donald Trump is threatening \$200 billion more in tariffs on Chinese goods, and some investors warily watch another unfolding financial crisis in Argentina.

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## CURRENCIES

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**The Canadian dollar** is down by 0.6% to \$76.58 U.S. as the U.S. trade negotiation deadline looms.

**Bitcoin** is lower by 1% to \$6,914, according to CoinDesk.

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## COMMODITIES WHAT WE'RE READING

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**West Texas Intermediate** is down 0.2% but remains above \$70 at \$70.09 (U.S.) a barrel.

**Gold** is up a bit at \$1,208.40 an ounce but on pace for its fifth monthly loss in a row.

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## Daily Update

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