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If you haven't filled out the brief survey that we emailed you on Wednesday, and if you have a few minutes over the weekend, we'd love to get your thoughts. Thank you.

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## **Morning Need to Know**

Getting you ready for your investing day

**January 25, 2019**

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Capital Ideas Media**



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## CANADIAN ANALYSTS' CALLS

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**People Corp. (TSXV:PEO).** Canaccord Genuity starts coverage with a "buy" and a target of \$10 (Canadian), calling the software company a "*compelling growth story*" The stock closed yesterday at \$7.88.

Peter Hodson of 5i Research recommended PEO for us in August of 2016. The shares are higher by 163% in the last three years.

**Richelieu Hardware (TSX:RCH).** National Bank starts coverage with an "outperform" rating citing the company's growth in the U.S. due to acquisitions.

The analyst clearly sees an opportunity in the stock which sits at 2016 levels after spending last year consolidating big gains from 2009 to late 2017, which saw RCH shares surge by about seven times over that span.

**Cobalt 27 Capital (TSXV:KBLT).** RBC begins coverage of this buyer of physical cobalt with an "outperform" and a price target of \$8. The stock closed Thursday at \$4.10.

KBLT, between the spring of 2017 and spring of 2018, went from penny stock status to more than \$13 a share as investors piled into the shares amid booming cobalt prices and enthusiasm over metals used in electric vehicle batteries.

RBC calls KBLT a "*developing battery minerals play*" with an "*attractive*" valuation.

**Troilus Gold (TSX:TLG)**. Canaccord Genuity starts coverage with a "speculative buy" and a target of \$1.60.

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**Canopy Growth (TSX:WEED;NYSE:CGC)**. Piper Jaffray hikes the target to \$60 (U.S.) from \$40 and maintains an "overweight" rating, saying the company is well-positioned in the emerging and growing cannabis sector. The stock is trading currently at \$46.50 (U.S.).

**Acadian Timber (TSX:ADN)**. Credit Suisse raises to "outperform", saying the company has an "attractive risk/reward" profile.



## U.S. ANALYSTS' CALLS

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**Avaya (NYSE:AVYA)**. Barclays upgrades to "overweight" saying the company trades at a large discount to peers.

**Starbucks (NASDAQ:SBUX)**. Cowen & Co. raises the target to \$63 from \$61. See below.

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## **STOCKS THAT MAY MOVE**

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**Hexo (TSX:HEXO;NYSE:HEXO)** has priced its offering of common shares at \$6.50 (Canadian) per share, whereby the underwriters will buy 7.7 million shares from the company for about \$50 million.

**Premier Gold Mines (TSX:PG)** has arranged a secured revolving term credit facility with Investec Bank worth \$50 million (U.S.), and financing deals with OMF Fund II and Orion Mine Finance Fund II LP for about \$18.2 million.

**Starbucks (NASDAQ:SBUX)** beat Q4 estimates with its earnings as revenue rose more than 9% versus last year, and same-store sales jumped 4% against the 2.8% forecast, partly on strength in its holiday-themed drinks.

**General Electric (NYSE:GE)** has amended the terms of its merger between its transportation unit and Wabtec, which now gives Wabtec nearly 51% control instead of the previous 49%. GE will get about \$2.9 billion in cash out

of the deal.

**Ericsson (NASDAQ:ERIC)** increased its operating margins for a fourth straight quarter, this time to 8.7%.

**Intel (NASDAQ:INTC)** shares are lower in pre-market trading after the semiconductor maker beat Q4 estimates with its earnings, missed on revenue and gave a forecast for the current quarter below Wall Street projections.

**MasterCard (NYSE:MA)** and **(NYSE:VISA)** are embroiled in a takeover battle as MasterCard has trumped Visa's offer for U.K. company Earthport with a 233 million pound bid, 10% above Visa's initial offer.

**Colgate-Palmolive (NYSE:CL)** beat analysts estimates with quarterly revenue and earnings although both fell slightly from last year, and the toothpaste maker is projecting a mid-single decline in earnings in 2019.

**General Electric (NYSE:GE)** is urging customers of its power turbines to switch the blades sooner than expected and saying that one blade broke in 2015.

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## MARKETS

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TSX and U.S. equity futures are indicating a solid open with Chinese deputy



ministers expected to arrive Monday in Washington for trade talks, and some signs that progress is being made in ending the U.S. government shutdown.

The major European indices are mostly higher with Germany's DAX up 1.5%.

Overnight in Asia, the major indices were higher with the Shanghai Composite up 0.4%, the Hang Seng in Hong Kong rose by 1.6% and Japan's Nikkei up 1%.

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## CURRENCIES

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The Canadian dollar is up by 0.5% at \$0.7525 (U.S).

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## COMMODITIES Daily Update

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West Texas Intermediate is up slightly to \$53.19 a barrel.

Gold is higher by 0.6% at \$1,287.70 an ounce.

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## Daily Update

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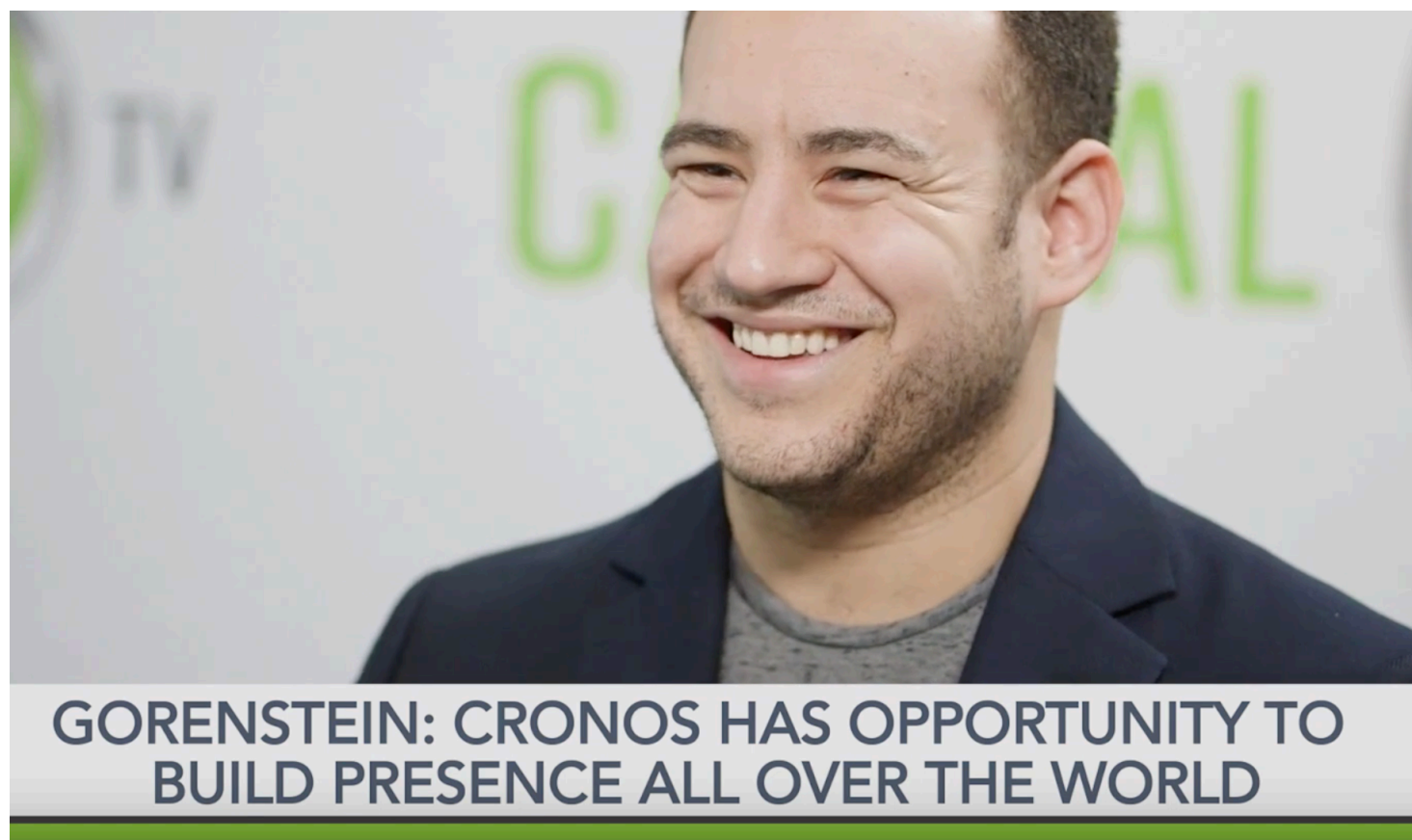
eyecarrot

Capital Ideas contributor *Fabrice Taylor* owns shares in ***Eyecarrot Innovations (TSXV:EYE)***.

Find out why he likes what you might call a truly visionary company.

See our [\*new interview\*](#) with Eyecarrot's CEO **Adam Cegielski**, where he explains what makes the company's technology innovative, and why Eyecarrot's growth is accelerating.

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We've posted a [\*Best of Podcast Episode\*](#).

Have a listen to our conversation with **Cronos Group** CEO, *Michael Gorenstein*.

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The [\*new Digest\*](#) contains research from [\*KeyStone's Cannabis Sector Special Report\*](#) on two companies looking to be global



# leaders.

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Access, ideas and insight.

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