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CAPITAL IDEAS DIGEST



Access the new [*Capital Ideas Digest*](#) for an investment idea on a pure play water treatment company that could return nearly 70%.

We've also got research on a long private and now public I.T. company ready to deliver more than 30% upside.

And, in the wake of the oil surge, Dwight Galusha identifies a breakout stock.

Note: The Morning Need to Know will not be published tomorrow and Friday and will return on Monday, September 23.

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Morning Need to Know

Getting you ready for your investing day

September 18, 2019

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CANADIAN ANALYSTS' CALLS

INITIATIONS

Theralese Technologies (TSXV:TLT). Mackie research starts coverage with a "speculative buy" rating and a price target of \$0.80 (Canadian) on this company developing a treatment for bladder cancer.

Organigram (TSX:OGI). Raymond James begins coverage with an "outperform" and a target of \$11.

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Kinross Gold (TSX:K;NYSE:KGC) gets its target boosted to \$6 (U.S.) from \$5.50 and the rating is held steady at "outperformer" by

CIBC. Cormark Securities ups its target to \$7 (Canadian) from \$6.75.

BSR REIT (TSX:HOM.UN;TSX:HOM.U).

Desjardins Securities resumes coverage with a “buy” rating and a \$12 (U.S.) target after the REIT's \$55 million equity offering and private placement.

U.S. ANALYSTS' CALLS

Fedex (NYSE:FDX). J.P. Morgan cuts the target price to \$146 from \$168 following the company's reduced outlook for 2020. See below.

STOCKS THAT MAY MOVE

CannTrust Holdings (TSX:TRST;NYSE:CTST).

Not sure what took so long but Health Canada has its procedures as it suspends the cannabis growing and processing licences for illegal grow rooms, dealing another blow to this mostly ruined company.

The stock fell nearly 15% late in Tuesday's session when the news was released.

CannTrust has 10 business days to appeal. If that fails, the company could be forced to close its greenhouse facility and processing plant until federal regulators decide whether to reinstate or revoke the licences.

BTB REIT (TSX:BTB.UN) is offering \$24 million (Canadian) of convertible debentures through a syndicate of underwriters that will be used to redeem \$23 million worth of debentures due March 31.

Canopy Growth (TSX:WEED;NYSE:CGC) said it expects to complete its search for a new CEO by the end of the year. The cannabis company said a “robust” search is “well underway” and that the firm is interviewing a number of “well-seasoned executives.”

Enbridge (TSX:ENB). The Minnesota Supreme Court declined to hear environmental and tribal challenges to Enbridge's Line 3 oil pipeline, a decision that removes one potential obstacle for the already-delayed project.

FedEx (NYSE:FDX) is down 11% in pre-market trading after issuing a profit warning citing the trade war between the U.S. and China.

MARKETS

S&P/TSX and U.S. equity futures are lower ahead of an expected interest rate cut and commentary from the U.S. Federal Open Market Committee.

In economic data, U.S. housing starts hit their highest level since 2007.

Meanwhile, in a somewhat arcane part of the

market, this from MarketWatch:

The New York Fed held an overnight repurchasing operation for the second time this week on Wednesday morning.

The U.S. central bank carried out the full \$75 billion of repos, temporarily buying securities from Wall Street dealers to inject liquidity into the system.

Earlier this week, a surge in the repurchasing rate, used by hedge funds and banks to fund their trading operations, pushed the fed funds rate close to the top of its targeted range.

The incident stirred worries that the central bank is at risk of losing its grip over its benchmark interest rate.

Well-known bond investor **Jeffrey Gundlach**, the head of DoubleLine, said the Federal Reserve will take the disruption in short-term money markets as a warning sign. Gundlach told his clients:

“The freeze-up can only be viewed as a negative. They are baby-stepping their way to doing QE.”

CURRENCIES

The Canadian dollar is down slightly% to \$0.7544 (U.S.).

COMMODITIES

West Texas Intermediate continues to slide, sitting at \$58.29 a barrel, after Saudia Arabia said it expects to restore lost production in two weeks.

Gold is down slightly to \$1,511.90 an ounce.

Please email questions, comments or concerns to: customercare@capitalideasresearch.com

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