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See below for why an accurate strategist remains bullish on Canadian stocks in 2020.

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Morning Need to Know

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November 22, 2019

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



CANADIAN ANALYSTS' CALLS

GeoPark (NYSE:GPRK).
GMP Securities raises the target on the oil and

gas producer to \$30 (U.S.) from \$27 and maintains a "buy" rating after the company made a \$315 million acquisition in Columbia.



U.S. ANALYSTS' CALLS

Luckin Coffee (NASDAQ:LK).

KeyBanc Capital raises the target on the Chinese coffee chain to \$32 from \$24.

Splunk (NASDAQ:SPLK).

J.P. Morgan hikes the target to \$152 from \$140.

Lowe's (NYSE:LOW).

The home improvement retailer gets its target boosted to \$135 from \$120 by SunTrust RH.

STOCKS THAT MAY MOVE

Canadian Stocks in 2020.

BMO's Chief Investment Strategist **Brian Belski's** prediction last year that the S&P/TSX Composite would pass the 17,000 level was accurate and now he's calling for a **gain of 7% in 2020** for the benchmark index.

Belski recommends investors **overweight stocks in the communication services, energy and financial sectors**, while underweighting health

care and utilities.

He has a market weight recommendation of consumer discretionary, consumer staples, industrials, information technology, materials and real estate.

Here is the crux of Belski's argument:

“While Canadian fundamentals have softened through 2019 as analysts have trimmed forecasts, fundamentals remain resilient according to our models. In fact, despite the downtrend in earnings revisions heading into 2020, profitability remains near peak levels, cash flow is firmly above historical averages, dividends and buybacks continue to grow, and valuations are relatively attractive.

As long as positive macro forces remain in place, particularly from the U.S., we believe Canadian equities offer an attractive relative value opportunity within North American markets. Furthermore, we believe earnings expectations remain cautious heading into 2020, leaving ample room for the TSX to under promise and over deliver with any upside compromise on trade, signs of positive life in commodities, or a rebound in growth.”

Knight Therapeutics (TSX:GUD) will sell its 28.3% stake in Israel-based Medison Biotech to the company for \$77 million (Canadian) in cash,

while Medison will sell its 7.5% stake in Knight over four years, and the companies have agreed to drop all legal proceedings.

Well Health Technologies (TSX:WELL) is buying Trinity Healthcare Technologies for about \$7.2 million in cash and shares.

TD Bank (TSE:TD) has been become the 30th bank added to a global list of systemic banks by the Financial Stability Board in Switzerland, which means TD has to hold an extra 1% of capital to its risk weighted assets.

Equinox Gold (TSXV:EQX) is graduating from the TSX Venture Exchange to the TSX as of November 25.

Nordstrom (NYSE:JWM) is up about 8% in premarket trading after the retailer raised the lower end of its profit forecast.

Exxon Mobil (NYSE:XOM) plans to accelerate its asset selling program to about \$25 billion (U.S.) through 2025 to free up cash for a handful of mega-projects, according to Reuters.

MARKETS

S&P/TSX and U.S. equity futures are indicating a higher open on the heels of comments from Chinese President Xi Jinping in which he said the country is working toward a phase one trade

deal with the United States but will fight back when necessary.

CURRENCIES

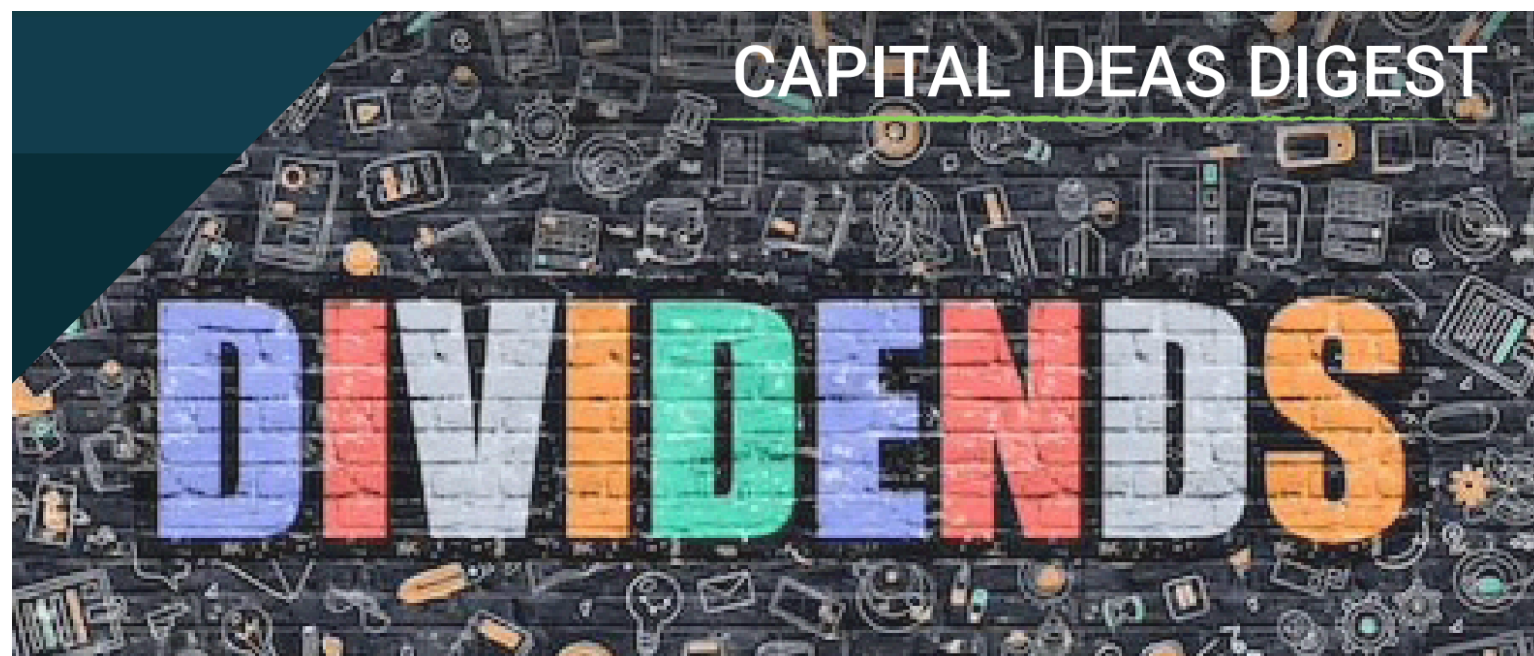
The Canadian dollar is up a few basis points to \$0.7537 (U.S.).

COMMODITIES

West Texas Intermediate is down 0.4% to \$58.35 a barrel.

Gold is up 0.5% at \$1,470.20 an ounce.

DAILY UPDATE



A reminder to access the latest [*Capital Ideas Digest*](#) for under the radar small-to-mid-cap dividend stocks with cash flow growth.

We also examine research on Nvidia (NASDAQ:NVDA), a three-in-one way to invest

in the AI, cloud computing and gaming trends.

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

Access, insight and ideas.

Mark Bunting
Publisher,
Capital Ideas Media

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