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Please note the *Capital Ideas Digest* will not be published tomorrow Tuesday, December 10 and will return December 17.

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Morning Need to Know

Getting you ready for your investing day

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Capital Ideas Media



CANADIAN ANALYSTS' CALLS

HLS Therapeutics (TSX:HLS). Bloom Burton raises the price target to \$27 (Canadian) from \$21 and maintains a "buy" rating.

MEG Energy (TSX:MEG). J.P. Morgan raises the rating to "neutral" from underweight and lifts the price target to \$7 from \$6, saying the company has significantly higher free cash flow volatility than its peers.

Tecsys (TSX:TCS). Laurentian Bank Securities raises the target to \$23 from \$19 and maintains "buy".



U.S. ANALYSTS' CALLS

Fortive Corp. (NYSE:FTV). Credit Suisse upgrades to "outperform" as earnings pressure will reverse in the second half of 2020.

Epizyme (NASDAQ:EPZM) gets its target raised to \$21 (U.S.) from \$17 by J.P. Morgan as the company will transition to a fully de-risked FDA-approved oncology company in 2020.

STOCKS THAT MAY MOVE

Canopy Growth (TSX:WEED;NYSE:CGC).

Constellation Brands' (NYSE:STZ) is exerting more control over the cannabis producer as its CFO and current Canopy Chairman David Klein has been appointed as Canopy's new CEO, replacing the fired Bruce Linton.

STZ invested about \$4 billion in Canopy before a lengthy tailspin for the stock, and owns shares and warrants allowing it to eventually assume majority control of the firm.

Hudson's Bay (TSX:HBC).

Institutional Shareholder Services (ISS) recommends minority shareholders vote against the bid to take the company private from a group led by Chairman Richard Baker, saying there's *"no legitimate rationale from a governance perspective for recommending shareholders accept a lower offer"* compared to the higher bid from Catalyst Capital.

An HBC shareholder vote is set for December 17.

Capital One Financial (NYSE:COF).

Barron's magazine says COF is trading at a 25% discount to large banking peers and that investors should look beyond the company's credit card arm and recognize the value of the bank within the firm.

Sanofi (NYSE:SNY) is buying Synthorx (NASDAQ:THOR) for \$2.5 billion (U.S.) in cash, at a 172% premium to THOR's Friday closing price, to increase its lineup of cancer drugs.

Merck (NYSE:MRK) is also building up its cancer drug pipeline by buying ArQule (NASDAQ:ARQL) for \$2.7 billion in cash.

Tesco (NASDAQ:TSCDY).

The British grocery chain is considering selling its Asian businesses, which could be worth as much as \$9 billion.

MARKETS

S&P/TSX and U.S. equity futures are indicating a lower open to start the week ahead of U.S. Federal Reserve and European Central Bank meetings and the British election. The ECB gathering will be the first overseen by new head Christine Lagarde.

In economic data, China's exports fell for the fourth month in a row, down 23% to the U.S., and imports rose with the deadline for the U.S. to add more tariffs to Chinese goods looming on December 15.

CURRENCIES

The Canadian dollar is essentially flat at \$0.7545 (U.S.)

COMMODITIES

West Texas Intermediate is lower by 1.2% at \$58.51 per barrel after gaining 7% last week.

Goldman Sachs has raised its oil price forecast for next year on tighter than expected inventories with OPEC agreeing to deepen oil output cuts through Q1 of 2020.

Gold is up 0.3% at \$1,459.50 an ounce.

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

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