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A reminder the Morning Need to Know will not be published next Monday through Thursday and will return Friday, January 24.

We'll be attending the Vancouver Resource

Investment Conference (VRIC) gathering dozens of video interviews with mining CEOs, newsletter publishers and other specialists such as **Rick Rule** and **Keith Schaefer**.

If you're in the Vancouver area and would like a free ticket, click below and use the promo code SCP100.

https://cambridgehouse.com/vancouver-resource-investment-conferenceutm_source=smallcappower&utm_medium=banner&utm_campaign=100OFF

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Morning Need to Know

Getting you ready for your investing day

January 17, 2020

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



CANADIAN ANALYSTS' CALLS

INITIATIONS

Martello Technologies Group (TSXV:MTLO) gets started by Paradigm Capital with a “buy” rating and a \$0.70 (Canadian) target.

“We view Martello as a financially strong, primarily software-based technology company, posting underlying subscription revenue growth of 30% year-over-year in its foundational Mitel analytics business, generating recurring revenue of 90%, exhibiting monthly customer churn below 2%, commanding best-in-class gross margins in the mid-90% range, and having significant upside in its model given our view that penetration within its total addressable market is only in the low single digits.”

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Canadian National Railway (TSX:CNR). Scotiabank raises the price target to \$127 from C\$120, citing, in part, the company's strong competitive moat.

Sylogist (TSXV:SYZ). Acumen Capital's Jim Byrne cuts to "hold" and reduces the target to \$11 from \$16.50 as he sees a lack of M&A catalysts and he also says:

“We believe investors have grown tired of the ongoing issues associated with executive compensation and corporate governance.”

Bombardier (TSX:BBD.B). TD Securities' Tim James is just one of the analysts downgrading the train and plane maker - "hold" with the target slashed to \$1.70 from \$3.25 - after the company's flurry of negative news yesterday.



U.S. ANALYSTS' CALLS

INITIATIONS

Waste Connections (TSX:WCN;NYSE:WCN). Deutsche Bank starts coverage with a "buy" rating and a price target of \$106 (U.S.).

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Qualcomm (NASDAQ:QCOM). Citi upgrades to "buy", hikes the target to \$108 from \$89, and increases its EPS estimates for 2020, 2021, and 2022 as the *"long awaited 5G ramp begins to take shape."*

CSX (NYSE:CSX).

Baird boosts the target to \$81 from \$74, saying the rail company's growth has troughed, the cash flow profile is strong, and service levels are improving.

Alcoa (NYSE:AA) is upgraded to "buy" at Deutsche Bank.

Snap (NYSE:SNAP) is upgraded to "buy" and gets its target raised to \$24 from \$16 at UBS.

Morgan Stanley (NYSE:MS) gets its target raised by J.P. Morgan to \$60 from \$52 after solid Q4 earnings results.

Uber (NYSE:UBER). Stifel Nicolaus raises the target to \$40 from \$34.

STOCKS THAT MAY MOVE

TransAlta (TSX:TA;NYSE:TAC) expects to have *"strong comparable EBITDA and free cash flow performance in 2020."*

The utility will also increase its quarterly dividend by 6.25% to 4.25 cents per share, payable on April 1 to shareholders of record on March 2. And board chair Gordon Giffin will retire with John Dielwart taking over.

Hexo (TSX:HEXO) is down 6% in U.S. pre-market trading after saying it was raising \$20 million in a share sale.

Canopy Growth (TSX:WEED;NYSE:CGC) has delayed its beverage launch and will provide an update when it releases its fiscal Q3 results.

Valens GroWorks (TSXV:VLNS) has received regulatory approval to list its shares on the OTCQX in the U.S., under the symbol "VLNCF."

Magna Int'l (TSX;MG;NYSE:MGA) has promoted its head of technology Swamy Kotagiri to president. He's widely seen as a possible successor to CEO Don Walker within the next three-to-five years.

Alphabet (NASDAQ:GOOGL) has become the fourth major technology company to cross the trillion dollar market in market cap after Microsoft, Amazon and Apple.

Gap Inc. (NYSE:GPS). The retailer has scrapped its plan to spinoff Old Navy and will instead try to improve sales. Gap also said 2019 same-store sales and adjusted earnings will be at the higher end of previous guidance, and that it's installed the head of Banana Republic as interim CEO of Gap until a permanent CEO is found.

Eli Lilly (NYSE:LLY). The company's CFO told a

healthcare conference that they're looking to make an acquisition every quarter this year in the \$1 billion to \$5 billion range. Lilly recently bought Dermira for \$1.1 billion.

General Motors (NYSE:GM) plans to sell a car plant in western India to Great Wall Motor of China for as much as \$300 million.

MARKETS

S&P/TSX and U.S. equity futures are indicating the major indices will continue marching higher into uncharted record territory.

In economic data, **China reported its weakest GDP growth in 2019 in 29 years at 6.1%** due in large part to its trade war with the U.S. although Q4 ended more strongly.

U.S. housing starts jumped in December to the highest level in 13 years.

The U.S. government will issue 20-year bonds in the first half of the year for the first time since 1986.

CURRENCIES

The Canadian dollar is lower at \$0.7661 (U.S.).

COMMODITIES

West Texas Intermediate is up 0.6% at \$58.86 a barrel as the International Energy Agency said crude oil demand this year from China could hit 14.1 million barrels a day, up from 13.5 million last year.

Gold is higher by 0.3% at \$1,554.80 an ounce.

Palladium continues its surge near record highs at \$2,362 and is enjoying its strongest week in nearly four years on momentum and demand for auto catalytic converters.

Please email questions, comments or concerns to:

[*customercare@capitalideasresearch.com*](mailto:customercare@capitalideasresearch.com)

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Mark Bunting
Publisher,
[*Capital Ideas Media*](#)

www.capitalideasmedia.com



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