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Morning Need to Know

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CANADIAN ANALYSTS' CALLS

Aritzia (TSX:ATZ). Canaccord Genuity hikes the price target to \$27 (Canadian) from \$24 and maintains a "buy" rating after the retailer's shares jumped nearly 17% on Thursday following its earnings report.

Canaccord said:

“With 21 consecutive quarters of same-store sales growth, a robust pipeline of new store openings, healthy balance sheet to support growth and margin enhancement initiatives, and a well aligned management team, we believe Aritzia is deserving of a premium valuation.”

Aritzia's stock is up 25% since we featured it on a Digest cover in late October (yes, tooting our horn but who else is going to do it), quickly blowing past the price target set by TD Securities at the time which called the company *"the best Canadian retail stock to buy today"*.

Osisko Mining (TSX:OSK). Beacon Securities raises the price target to \$5.50 from \$4, implying 41% upside, and maintains a "buy" rating after

boosting its gold price forecast and its assumption of the quality of the grades at the company's Windfall mine in Quebec.

Akita Drilling (TSX:AKT.A). AltaCorp upgrades to "outperform" and lowers the target to \$2 from \$2.25.

First Quantum (TSX:FM) gets upgraded by TD Securities to "action list buy" and the target is boosted to \$16.50 from \$15.

Organigram (TSX:OGI). CIBC sees the company as a "*long-run survivor*" in the cannabis sector but is lowering the price target to \$5 from \$9, reducing its revenue and EBITDA targets, and maintaining an "outperformer" rating.



U.S. ANALYSTS' CALLS

Aurora Cannabis (TSX:ACB;NYSE:ACB)

The cannabis company's shares are down 6% premarket as Piper Sandler cuts it to "underweight" and slashes the target to \$1 (U.S.) from \$3, saying it expects negative cash from operations until Q3 of 2021 and projects a cash deficit of \$200 million in the interim, citing weak sales in the EU as a risk to growth and margins. Ouch.

Microsoft (NASDAQ:MSFT) Jefferies raises the target to \$185 from \$160, seeing the company as a large, diversified business with excellent visibility and a clear line of sight into double-digit revenue growth for the foreseeable future.

MSFT has worked well as an idea after our cover story in July of 2018 with the stock having risen 53% since then.

KB Homes (NYSE:KBH) gets its target raised by RBC to \$40 from \$38 after a solid Q4 earnings report and the company gave 20% profit margin guidance.

STOCKS THAT MAY MOVE

TMX Group (TSX:X). CEO Lou Eccleston is retiring about a year ahead of schedule following allegations of sexual harassment when he worked at Bloomberg in the 1990s, as reported by Business Insider.

The TMX said it conducted an “*expedited but thorough investigation*” and “*found no evidence that Mr. Eccleston engaged in sexual harassment or sexual misconduct while employed at TMX.*”

Eccleston “*believes it is in the best interests of TMX Group, including its employees and stakeholders, for him to retire early.*”

TMX Group's stock has more than doubled over the last five years. TMX CFO John McKenzie has been appointed interim CEO.

Aecon Group (TSX:ARE). Founder, former CEO and executive chairman John Beck will become non-executive chairman and president and CEO Jean-Louis Servranckx, will become executive chairman.

Dermira (NASDAQ:DERM) is being bought by **Eli Lilly (NYSE:LLY)** for \$1.1 billion in cash with

LLY getting access to the company's skin disease treatments.

Infosys (NASDAQ:INFY) raised its revenue forecast for the fiscal year ending in March on stronger demand for its software services from Western clients as profit in the quarter ending in December rose nearly 24% from last year.

Ryanair (NASDAQ:RYAAY).

The discount airline raised its profit forecast for its fiscal year ending in March after a stronger than expected performance over Christmas and New Year.

MARKETS

S&P/TSX and U.S. equity futures are indicating a higher open following the U.S. non-farms payroll report which showed that **145,000 jobs were added in December**, below estimates of 160,000, the November and October job additions were revised slightly lower, the unemployment rate stayed at 3.8%, and wages rose the least since July 2018.

In Canada, there were **32,500 jobs created in December**, capping the second strongest year since 2007, and the unemployment rate declined to 5.6% from 5.9%.

CURRENCIES

The Canadian dollar is modestly higher to \$0.7670 (U.S.) in the wake of the jobs report.

COMMODITIES

West Texas Intermediate is down 0.5% at \$59.25 a

barrel as the International Energy Agency said the global oil market is expected to have ample supply in 2020 and demand growth could stay weak keeping a lid on prices.

Gold is down 0.3% to \$1,549.50 an ounce in the midst of its longest skid in two months.

DAILY UPDATE



The first [Capital Ideas Digest](#) of the year has been posted and features top stock pickers such as *Ryan Irvine* and *Colin Fisher* who've chosen their Best Ideas for 2020.

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