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# Morning Need to Know

Getting you ready for your investing day

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## CANADIAN ANALYSTS' CALLS

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### INITIATIONS

**Freehold Royalties (TSX:FRU) and PrairieSky Royalty (TSX:PSK).**

Industrial Alliance Securities starts coverage with "buy" ratings, giving PSK a price target of \$17.50 (Canadian) and FRU a target of \$10.50, with the analyst saying both companies offer "*relative stability*".

Meanwhile, Raymond James upgrades FRU to "outperform" and keeps an \$8.50 target.

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**Franco-Nevada (TSX:FNV;NYSE:FNV).**

Industrial Alliance Securities analyst George Topping has increased his gold price forecasts to \$1,600 for this year and \$1,900 by \$2023, while upping the price targets of a number of companies

such as FNV to \$180 from \$159, saying:

*"Gold is the best way to protect purchasing power as central bankers print money to prop up their economies but devalue currencies relative to hard assets in the process. M&A transactions should build on 2019 as Seniors look for future growth. Wesdome, Rubicon, Sabina, and Probe are likely takeout candidates. Osisko Mining is either a build or mid-term takeout."*

Industrial Alliance also has "buy" ratings and hiked the price targets on the following companies:

**Osisko Gold Royalties (TSX:OR).** \$20 from \$18.

**Osisko Mining (TSX:OSK)** \$5.05 from \$4.70.

**Wheaton Precious Metals (TSX:WPM)** \$55 from \$51.

**Wesdome Gold Mines Ltd. (TSX:WDO)** \$13.40 from \$10.75.

**Tamarack Valley Energy (TSX:TVE).** RBC upgrades to "outperform".

**Kinross Gold (TSX:K;NYSE;KGC).** CIBC hikes the target to \$6.40 (U.S.) from \$5.75 and maintains "outperformer".

**Granite REIT (TSX:GRT.UN).** RBC moves the target to \$75 (Canadian) from \$70, hikes its funds from operations estimates and maintains an "outperform" rating. CIBC boosts the target to \$74 from \$72.

**Martinrea (TSX:MRE).** RBC cuts the target to \$20

from \$22 on the impact of the coronavirus on global auto production and, in turn, parts suppliers.

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## U.S. ANALYSTS' CALLS

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### INITIATIONS

**Ceridian HCM (NYSE:CDAY)**. CIBC starts coverage with an "outperform" and a price target of \$84 (U.S.).

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**Advanced Micro Devices (NYSE:AMD)**. Jefferies raises the target to \$60 from \$58 after the company's analyst day.

**Johnson & Johnson (NYSE:JNJ)**. Credit Suisse cuts its target to \$159 from \$170 on the expected impact of the coronavirus on the company's businesses.

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### STOCKS THAT MAY MOVE

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**Barrick Gold (TSX:ABX;NYSE:GOLD)**. Drawing on its experience battling Ebola outbreaks in Africa, the gold producer said it's increasing its inventory of key commodities to above normal levels as a precaution during the coronavirus outbreak although placed and forecast orders have not changed.

**Costco (NASDAQ:COST)** is one company benefitting from the concerns about the coronavirus with same-store sales in February higher by nearly 12% from last year as customers stock up on certain items such

as disinfectants.

**Starbucks (NASDAQ:SBUX)** said March same-store sales in China likely fell about 50% and will impact revenue by as much as \$430 million due to the coronavirus outbreak in that country.

**Pfizer (NYSE:PFE)** is considering a collaboration with Germany's BioNTech to develop a vaccine for the coronavirus.

**BCE (TSX:BCE;NYSE:BCE), Telus, (TSX:T;NYSE:TU), Rogers Communications (TSX:RCI.B;NYSE:RCI)** must lower prices on their mid-range wireless service plans by 25% within two years or face regulatory action, the federal government said.

**JP Morgan (NYSE:JPM)**. CEO Jamie Dimon is recovering from emergency heart surgery with two company executives running the bank until he recuperates.

**Gap (NYSE:GPS)** has named long-time company executive Sonia Syngal as its new CEO.

**Cypress Semi (NASDAQ:CY)** is down pre-market on a Bloomberg report that says U.S. regulators are advising President Donald Trump to block Infineon's \$10 billion takeover of the company on national security grounds.

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## **MARKETS**

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**S&P/TSX and U.S. equity indices** are indicating the major indices are set to revisit the lows they hit late last week as coronavirus cases globally surpass 100,000 and the concerns about the economic impact of the outbreak intensify.

In economic data, the **U.S. economy added 273,000 jobs** in February, ahead of the 175,000 estimate and the strongest tally since May, and the unemployment rate dipped to 3.5%.

Canada created 30,300 jobs last month, ahead of the estimate of 11,000, and the unemployment rate ticked higher to 5.6%.

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## **CURRENCIES**

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The Canadian dollar is steady at \$0.7454 (U.S.).

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## **BONDS**

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Government bonds continue their dramatic decline with the U.S. 10-year Treasury yield briefly hitting an all-time low below 0.7%.

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## **COMMODITIES**

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West Texas Intermediate has dropped 4.5% to \$43.81 a barrel at a two year low as reports suggest Russia will not back OPEC's plan for additional production cuts to manage prices to deal with the impact on demand from the coronavirus.

Gold is on track for its best weekly gain since 2011 as safe haven buying drives it up to \$1,686.40 an ounce.

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