



**Invest like a pro, with the pros.**





One of the biggest mistakes investors make is misjudge the **price of a stock** and the **long-term value** of the underlying business.

*John O'Connell*, Chairman and CEO of Davis Rea Investment Counsel, explains why in [this excerpt](#) from our interview.

Watch the full [interview](#) here for insights on the market crisis and advice on what investors should do.

And [read the transcription](#) here.

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**Morning Need to Know**

Getting you ready for your investing day

**March 19, 2020**



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## CANADIAN ANALYSTS' CALLS

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**Intact Financial (TSX:IFC).** Calling it the most defensive stock in their insurance coverage universe, and a "best idea", RBC Dominion Securities upgrades IFC to "top pick" and lowers the target to \$140 (Canadian) from \$153.

**Boyd Group Services (TSX:BYD).** Altacorp upgrades to "buy" and moves the target to \$205 from \$200, saying the COVID-19-related downturn for the stock has presented a buying opportunity.

**Torex Gold (TSX:TXG).** RBC upgrades to "outperform" with the target staying at \$23.

**Thomson Reuters (TSX:TRI)** is upgraded by National Bank to "outperform" with the target lowered to \$93 from \$103.

**Brookfield Infrastructure Partners (TSX:BIP.UN;NYSE:BIP).**

Industrial Alliance has cut the price targets on 17 of the 20 power, utility and infrastructure companies it follows but believes the impact from COVID-19 will be "*transitory*" and that the overall outlook for the companies remains "healthy".

BIP, for example, gets upgraded to "buy" with the target reduced to \$50 (U.S.) from \$58.



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## U.S. ANALYSTS' CALLS

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**Boeing (NYSE:BA).** Cowen & Co. cuts the target to \$150 (U.S.) from \$350, saying the COVID-19 pandemic is the biggest threat of all time to the company and could cause severe production cuts and liquidity issues. The aircraft maker has already approached the White House and Congress for financial aid.

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## STOCKS THAT MAY MOVE

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**Baytex Energy (TSX:BTE;NYSE:BET)** has cut its capital expenditure budget by 50%, lowered its production forecast and suspended all drilling operations in Canada.

**Canadian Natural Resources (TSX:CNQ;NYSE:CNQ)** is cutting its 2020 capital expenditure program by a little more than a \$1 billion (CDN) and maintains its output forecast as an oil glut develops and demand grinds to a halt during the virus crisis.

CNQ is also cutting executive pay including a 20% haircut for the CEO.

The company's shares in Toronto closed Wednesday at an eye-popping \$11 after trading near \$42 in late December.

**Alimentation Couche-Tard (TSX:ATD.B)**

The company's CEO said the convenience store operator still wants to buy Caltex Australia knowing that credit and acquisition multiples are changing



rapidly due to the pandemic.

**McEwen Mining (TSX:MUX;NYSE:MUX)** said its president and COO has left the company.

**Abbott Labs (NYSE:ABT)** has been given FDA approval to manufacture tests for the coronavirus and expects to eventually distribute one million tests per week.

**Occidental Petroleum (NYSE:OXY)** has had its debt rating cut to junk status by Moody's which says the oil company's financial flexibility has been severely compromised by its acquisition of Anadarko Petroleum.

**Amazon.com (NASDAQ:AMZN)**, which has experienced a surge in demand and plans to hire 100,000 people, has temporarily closed a small New York warehouse after an employee tested positive for the virus.

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## **MARKETS**

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**S&P/TSX and U.S. equity futures** are indicating a lower open but not sharp losses which marked yesterday's session as the most volatile trading in the history of Canadian and U.S. stock markets continues amid the growing concern of the economic and financial impact of the coronavirus.

The European Central Bank announced a 750 billion euro bond buying program while the Federal Reserve unveiled its third emergency relief program in two days, this time to help the \$3.8 trillion money market mutual fund industry.

U.S. jobless claims as of March 14 surged 70,000 to

281,000 as coronavirus-related layoffs kicked in.

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## CURRENCIES

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The Canadian dollar is up 0.3% to 0.6906 (U.S.).

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## COMMODITIES

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West Texas Intermediate is up 8.6% to \$22.62.

Gold is up a bit at \$1,479.70 an ounce.

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Disclosure: Bunting Media provides marketing services to Davis Rea.

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