



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

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Well, at least nothing happened while we were away.

Next week in the Digest, we'll look at research on high conviction stocks to weather volatile times.

Let's see what's happening this morning.

## Morning Need to Know

Getting you ready for your investing day

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### CANADIAN ANALYSTS' CALLS

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**Aecon (TSX:ARE)**. Desjardins Securities lifts the price target to \$27 (Canadian) from \$25, increases its earnings estimates for this year and next, and maintains a "buy" rating, saying the engineering company is:

*...“ideally positioned as a leading contractor of choice in Canada”...and had...“another strong quarter supported by the robust backlog.”*

**Norbord (TSX:OSB;NYSE:OSB)**. CIBC upgrades to "outperformer" and raises the target to \$50 from \$45.

**West Fraser Timber (TSX:WFT)**. CIBC also upgrades this one to "outperformer" and lowers the target to \$66 from \$68.

**Gildan Activewear (TSX:GIL;NYSE:GIL)** gets

upgraded to "outperform" by Scotiabank with the target held at \$31 (U.S.).

**TransAlta (TSX:TA)** CIBC raises the target to \$11 (Canadian) from \$10 on higher electricity prices in Alberta due to cold weather giving the company a solid start to 2020 and on a path to reaching its financial guidance goals.

**TransAlta Renewables (TSX:RNW)** gets its target boosted to \$17 from \$15 and the rating is held at "hold" by Industrial Alliance Securities.

**Descartes Systems Group (TSX:DSG;NASDAQ:DSGX).**

Desjardins Securities ups the target on the U.S.-listed shares to \$42 (U.S.) from \$40 and maintains a "market perform" rating after the company's earnings results.

**Laurentian Bank Securities** moves the target to \$41 from \$38 and maintains a "hold" rating.

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## **U.S. ANALYSTS' CALLS**

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**Campbell Soup (NYSE:CPB)** gets its target raised by Credit Suisse to \$50 (U.S.) from \$43 on organic sales and operating profit growth.

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## **STOCKS THAT MAY MOVE**

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**Medexus Pharmaceuticals (TSXV:MDP)** put its cash pile to work as the CEO told us it would by buying Ixinity, a maker of a hemophilia treatment, from

Aptevo for \$30 million upfront, plus some milestone and royalty payments.

Mackie Research likes the deal, saying Ixinity will account for half of MDP's revenue and turn the company cash flow positive.

Analyst Andre Uddin adjusts the rating to "speculative buy" from buy and lowers the price target to \$8.70 (Canadian) from \$10.50, implying 118% upside.

HSBC (NYSE:HSBC) has evacuated its Canary Wharf offices in London after confirming a coronavirus case.

MEG Energy (TSX:MEG) beat analysts estimates as Q2 revenue came in at \$992 million, up from \$520 million a year earlier, and net income was \$26 million or 9 cents a share versus a loss last year.

Canopy Growth (TSX:WEED;NYSE:CGC) will take an impairment charge of as much as \$800 million as it plans to close two greenhouses in B.C. and will not proceed with plans in Niagara region to open a third greenhouse. The moves affect about 500 employees.

Canadian Natural Resources (TSX:CNQ) swung to a quarterly profit from a loss last year but missed estimates, cut its capital expenditure program slightly and raised its dividend by 13%.

Ciena (NYSE:CIEN) has surged 6% pre-market after strong Q1 results.

HP (NYSE:HPQ) has rejected the sweetened \$35 billion (U.S.) bid from Xerox (NYSE:XRX), saying it still undervalues the personal computer maker.

## MARKETS

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**S&P/TSX and U.S. equity indices** are indicating steep losses, after big gains yesterday, along with European stock indices as California declares a state of emergency due to the coronavirus, cases spread to more than 80 countries and as more businesses restrict travel.

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## CURRENCIES

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**The Canadian dollar** is lower at \$0.7453 (U.S.) with the major Canadian banks cutting their prime rates, 3.45% from 3.95%, the first reductions in nearly five years, after the Bank of Canada followed the Fed with a 50 basis point cut to its key lending rate.

BOC governor Stephen Poloz will deliver an economic progress report today and hold a news conference.

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## COMMODITIES

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**West Texas Intermediate** is down 0.3% to \$46.66 a barrel after OPEC agreed to cut Q2 2020 production by 1.5 million barrels a day to support prices amid a coronavirus influenced demand drop. Russia has yet to confirm it will take part in the cuts.

**Gold** continues a good run at \$1,652.70 an ounce on safe haven buying and a weaker U.S. dollar post-Fed rate cut.

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