



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

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**Investors should ask themselves one key question during this unprecedented time in financial markets as we continue our conversation with [John O'Connell](#), Chairman and CEO of [Davis Rea](#)**

## Investment Counsel.



**If you knew the stock market was shutting down for an extended period tomorrow, what would you do today?**

**Buy, sell, or do nothing?**

***O'Connell explains* what he would do.**

**He also provides insights on:**

- The reaction of professional investors to the COVID-19 pandemic.**
- Why there will be two "emotional" stock market bottoms.**
- What the 74% of his clients' portfolios that is not**

in cash consists of.

- And why he's excited about certain investment opportunities but is not buying just yet.

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Meanwhile, tomorrow's *Digest* reasons it's too early to make significant commitments to stocks but examines high quality, bargain investment ideas to consider when some clarity and stability returns to the market.

Plus, some ideas that could benefit in a world in which COVID-19 has created a number of behavioural changes in society.

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## **Morning Need to Know**

Getting you ready for your investing day

**March 23, 2020**

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Capital Ideas Media

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## CANADIAN ANALYSTS' CALLS

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**Dollarama (TSX:DOL)** is upgraded to "buy" by Industrial Alliance Securities, the EPS estimates for this year and next are reduced, and the target is lowered to \$41 (Canadian) from \$45, as the analyst calls the stock *"good value in a difficult environment"*.

**CGI (TASX:GIB.A)**. Scotia Capital hikes to "outperform" with a \$90 target.

**Gibson Energy (TSX:GEI)**. National Bank upgrades to "outperform" with a \$25 target, down from \$30.

**TC Energy (TSX:TRP)**. National Bank also raises this one to "outperform" with a \$67 target, down from \$76.

**Manulife Financial (TSX:MFC)**. TD Securities upgrades to "action list buy" with a target of \$27, down from \$33.

**Great-West Lifeco (TSX:GWO)**. TD moves to "buy" from with a \$29 target, down from \$35.

**Toromont Industries (TSX:TIH)**. Canaccord Genuity upgrades to "buy" with a \$66 target, down from \$69.

**Inter Pipeline (TSX:IPL)**. Industrial Alliance also

cuts its targets on a number of midstream energy producers including this name which gets downgraded to "hold" and has its target slashed to \$11 from \$20.

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## U.S. ANALYSTS' CALLS

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**PepsiCo (NYSE:PEP)**. RBC Dominion Securities upgrades to "outperform" and hikes the target to \$153 (U.S.) from \$115.

**Boston Beer (NYSE:BEER)**. RBC upgrades to "outperform" and boosts the target to \$424 from \$346, saying the shares are "*truly dislocated*".

**Cyberark Software (NASDAQ:CYBR)** gets upgraded to "overweight" by Piper Sandler.

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## STOCKS THAT MAY MOVE

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**Endeavour Mining (TSX:EDV)** is buying **Semafo (TSX:SMF)** in a \$1 billion (Canadian) deal, a 55% premium to SMF's Friday close, to create the largest gold producer in Burkina Faso and Ivory Coast.

**Newmont (TSX:NGT;NYSE:NGT)** is withdrawing its 2020 forecast and said that about 80% of its mines are operating within production targets for this year.

**Charlotte's Web Holdings (TSX:CWEB)** has offered to buy **Abacus Health Products (CSE:ABCS)** in a stock deal worth about \$99 million that values ABCS at a 38% premium to its 10-day volume-weighted average price as of March 20.

**Mullen Group (TSX:MTL)** will temporarily suspend the monthly dividend of 5 cents per share for three months, effective April 1. The company has also established an employee financial assistance fund of up to \$5 million "to eligible employees."

**Amazon (NASDAQ:AMZN)**. Hourly warehouse workers will receive double pay for overtime after working more than 40 hours instead of the current 1.5. The company has also stopped shipping non-essential items to Italy and France.

**Delta Airlines (NYSE:DAL)** said Q2 revenue would fall about 80%, arranged a \$2.6 billion (U.S.) credit facility, was drawing down on its existing \$3 billion in credit facilities, and is burning through \$50 million in cash per day as it parks 600 planes, cuts executive pay by as much as 50% and scales back capacity by about 70%.

**Boeing (NYSE:BA)** has canceled CEO pay, suspended the dividend and paused share buybacks. The company also previously asked for \$60 billion in loan guarantees from the U.S. government.

**Royal Dutch Shell (NYSE:RDS.B)** will cut its capital expenditure by about \$5 billion to \$20 billion and suspend its \$25 billion share buyback program.

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## **MARKETS**

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**S&P/TSX and U.S. equity futures** have turned positive after the U.S. Federal Reserve announced further measures, essentially **unlimited quantitative easing**, such as lending against student and credit card loans and buying bonds of larger employers.

This as U.S. lawmakers grapple over a rescue package, and on concerns the economic impact of the COVID-19 pandemic will overwhelm liquidity efforts by governments and central banks and lead to a deep global recession.

**Canadian consumer sentiment** has posted a record drop in the wake of a huge hike in unemployment applications.

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## **CURRENCIES**

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**The Canadian dollar** is down 0.2% at \$6956 (U.S.).

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## **COMMODITIES DAILY UPDATE**

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**West Texas Intermediate** is up 2.4% at \$24.18.

**Gold** is higher by 2.7% at \$1,524.50 an ounce after the Fed announced unlimited measures to deal with the pandemic fallout.

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Disclosure: Bunting Media provides marketing services to Davis Rea.

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Access, insight and ideas.

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