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With stocks set to dive again today, we take a pause to talk to **John O'Connell**, Chairman and CEO of **Davis Rea Investment Counsel**, a battle hardened veteran money manager of market crashes going back to 1987.

In this interview, O'Connell explains why investors require **context, reflection and perspective** at a time like this, and why he's "**enthusiastically embracing this crisis**", in part because he has his clients sitting on more than 20% cash.

Tomorrow's ***Capital Ideas Digest*** will feature the transcription of my conversation with O'Connell.

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Morning Need to Know

Getting you ready for your investing day

March 16, 2020

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Capital Ideas Media**



CANADIAN ANALYSTS' CALLS

Cargojet (TSX:CJT). AltaCorp upgrades to "outperform" and maintains a price target of \$120 (Canadian), calling this an "*opportune*" time to acquire a "*quality*" growth company at a reasonable price.

Kirkland Lake Gold (TSX:KL;NYSE:KL). National Bank upgrades to "outperform" and moves the target to \$54 from \$53.

Parex Resources (TSX:PXT) gets upgraded to "outperform" with the price target lowered to \$21 from \$25 by RBC Dominion Securities as part of a broad call on the energy sector. More below.

ARC Resources (TSX:ARX). Raymond James upgrades to "outperform" and raises the target to \$7 from \$6.50 after the company cut its dividend and capex program.

Canadian National Railway (TSX:CNR;NYSE:CNR) and **Canadian Pacific Railway (TSX:CP;NYSE:CP)** have both been upgraded to "outperform" by Scotiabank on a variety of factors including strong balance sheets with the targets falling to \$110 from

\$126 for CNR, and \$322 from \$345 for CP.

Conversely, Raymond James downgrades both rail companies to "market perform" and cuts the targets.



U.S. ANALYSTS' CALLS

ConocoPhillips (NYSE:COP). RBC Dominion Securities upgrades to "outperform" but cuts the target to \$50 (U.S.) from \$73 as the analysts reduce their oil price forecasts and adjust their ratings and targets on a number of energy players.

D.R. Horton (NYSE:DHI). Barclays cuts the target to \$52 from \$68 on weaker pricing power and competition.

STOCKS THAT MAY MOVE

MTY Food Group (TSX:MTY) will postpone the collection of royalties from franchisees of as much as \$18 million (Canadian) over a four week span starting tomorrow "*during this difficult period*".

Alamos Gold (TSX:AGI;NYSE:AGI) has struck a deal to acquire and cancel a 3% net smelter return royalty payable on production from the Island Gold mine for \$75 million.

Aurora Cannabis (TSX:ACB;NYSE:ACB) said former CEO Terry Booth recently sold 12.2 million shares of the company.

BSR REIT (TSX:HOM.UN) has bought Ariza Plum Creek Apartments, a 349-apartment unit residential community in Kyle, Texas for \$55 million.

Great Canadian Gaming (TSX:GC) announced the temporary suspension of gaming facilities in Ontario, British Columbia, Nova Scotia and New Brunswick, effective today until further notice *"in an effort to contribute to the containment of the COVID-19 virus."*

BioTech SE (NASDAQ:BNTX). The German biotech will receive \$135 million (U.S.) up front in a collaboration with Shanghai Fosun Pharma to develop an experimental coronavirus vaccine that they hope to have ready to test on humans by the end of April.

Teledoc Health (NASDAQ:TDCO) said it experienced a 50% spike in patient visit volume over the prior week, which the company called *"unprecedented"*.

J.P. Morgan (NYSE:JPM) and other big U.S. banks will temporarily stop buying back their own shares and use the money to lend to individuals and businesses affected by the virus.

America Airlines (NYSE:AAL) is cutting about 75% of its international flights through May 6 in response to a global collapse in travel demand due to the coronavirus pandemic.

Lululemon (NASDAQ:LULU) has joined Apple, Nike, Under Armour, Aritzia and Starbucks in temporarily closing its stores in an effort to limit the spread of the coronavirus with many more retailers expected to follow suit.

MARKETS

S&P/TSX and U.S. equity futures are indicating the major indices in Canada and the U.S. are set to plunge at the open with **U.S. futures halted limit down** and corresponding ETFs, trading electronically down nearly 10%.

Trading halts in the U.S. at the open are expected with circuit breakers triggered by rapid declines of 7%.

This as the Federal Reserve cut its key lending rate yesterday to **virtually zero** and announced what amounts to at least **\$700 billion in quantitative easing** in the form of bond and mortgage-backed security purchases. Many other central banks have announced measures of their own.

The **VIX**, the volatility index, a measure of put and call options, is at its highest level since 2009.

CURRENCIES

The Canadian dollar is down 0.9% at \$0.7178 (U.S.).

COMMODITIES

West Texas Intermediate has dropped 8% to below \$30 a barrel at \$29.14.

Gold is down 4.2% at \$1,452.80 an ounce as investors have more need for cash than they do bullion, while **platinum** has fallen by the most-ever intra-day.

Disclosure: Bunting Media provides marketing services to Davis Rea.

Please email questions, comments or concerns to:

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