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Today's *Capital Ideas Digest* digs through the rubble for some investment ideas now and for when there's some clarity in this COVID-19 existence we find ourselves.

Look out for the **email alert** at 7 pm eastern time.



Also, find out why there will be two emotional market bottoms as we continue our conversation with *John O'Connell*, Chairman and CEO of Davis Rea Investment Counsel.

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Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

Ritchie Brothers Auctioneers (TSX:RBA;NYSE:RBA). Raymond James moves to a positive stance on the company for the first time in three years partly on valuation upgrading it to "outperform" and lowering the target to \$33 (U.S.) from \$41.

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

and

Brookfield Renewable Partners (TSX:BEP;NYSE:BEP.UN)...

...are upgraded to "strong buy" and "outperform" with the targets moving to \$55 from \$60 and \$46 from \$48, respectively.

The analyst said the "*rapid*" change in value for both is "*out of sync with the durable nature of the critical infrastructure assets each owns around the world.*"

CAE (TSX:CAE). Canaccord Genuity upgrades to "buy" and lowers the target to \$23 (Canadian) from \$42, saying this is a "*rare entry point for a quality aerospace name*".

Medexus Pharmaceuticals (TSXV:MDP).

Mackie Research reduces the price target to \$7.60 from \$8.70 and maintains a "speculative buy" rating citing some negatives such as the company's sales force unable to visit hospitals, clinics and pharmacies but Mackie has a positive view overall, saying:

"With all planned reductions in its expenses, we believe

MDP should be able to generate decent cash flow down the road. MDP's recent acquisition of Ixinity should position the company for long-term organic growth – we believe the deal is highly underappreciated by the market. We also believe MDP is undervalued given its growth outlook."

Enbridge (TSX:ENB;NYSE:ENB) gets raised to "buy" by Jefferies, which says the company has *"insignificant direct commodity price exposure"*.

Magna International (TSX:MG;NYSE:MGA) is upgraded to "overweight" by Keybanc Capital Markets.

Agnico Eagle Mines (TSX:AEM;NYSE:AEM) gets upgraded to "buy" by TD Securities.



U.S. ANALYSTS' CALLS

Canadian National Railway (TSX:CNR;NYSE:CNI). Citi cuts the target to \$68 (U.S.) from \$100 and maintains "neutral" as it moves to a *"recession scenario"* for North American railway companies.

Canadian Pacific Railway (TSX:CP;NYSE:CP). Citi lowers the target to \$215 from \$295 and reiterates a "buy".

STOCKS THAT MAY MOVE

Manulife (TSX:MFC) says about 75% of its

employees in China are back in the office versus about 25% four weeks ago.

Bombardier (TSX:BBD.B) has halted production of corporate jets to comply with restrictions laid out by Ontario and Quebec.

Inovio Pharma (NASDAQ:INO) and **Ology Bioservices** have received a nearly \$12 million (U.S.) contract from the U.S. Department of Defense to develop a COVID-19 vaccine.

Qiagen NV (NYSE:QGEN).

The German molecular testing company has started shipping its diagnostic test for COVID-19 to the U.S.

Tesla (NASDAQ:TSLA) has air shipped 1,000 hospital ventilators to Los Angeles that it bought in China.

General Motors (NYSE:GM) plans to draw down \$16 billion from its credit facilities and has withdrawn its 2020 guidance.

Invesco Mortgage Capital (NYSE:IVR).

We're likely going to see more of this in the real estate sector as the REIT said it was unable to meet the margin calls it received on March 23, and did not expect to be able to meet future margin calls under its financing arrangements, as a result of COVID-19-related market disruptions.

IVR also said it's delaying the payment of its previously announced dividend in order to preserve liquidity, and that it's engaged legal counsel and a financial advisor.

The stock has tumbled more than 70.4% over the

past month.

MARKETS

S&P/TSX and U.S. equity futures are sharply higher (the maximum 5 per cent allowed), **Asian indices surged** and **European stocks have jumped** as a coronavirus economic stimulus package is "very close", according to U.S. Treasury Secretary Steve Mnuchin.

Also, Italy's number of cases and deaths from the virus may have peaked, and investors are finding bargains after the steepest decline for stocks in history over the last month.

CURRENCIES

The Canadian dollar is up 0.3% to 0.6906 (U.S.) on the backs of stronger oil and gold prices.

COMMODITIES

West Texas Intermediate is seeing a relief rally higher by 2.7% to \$24 a barrel.

Gold is surging following a 5.6% jump on Monday after the Fed had its '**whatever it takes bazooka**' moment, this time 6.6% to \$1,671.30 an ounce, in what is shaping up to be the **largest percentage gain for bullion since 2009**.

This as Goldman Sachs said it's time to buy gold as the "*currency of last resort*".

Palladium jumped 12% and is on pace for its biggest rally in 20 years.

Disclosure: Bunting Media provides marketing services to Davis

Rea.

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Access, insight and ideas.

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