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A "game-changing" supply contract to fight COVID-19 gives this company 120% upside.

And a "must-own" stock to play an oil rebound are two of the ideas we're working on for tomorrow's *Capital Ideas Digest*.

Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

Labrador Iron Ore Royalty (TSX:LIF). Most of the analyst reports this morning make for gloomy reading but this one stands out as Raymond James raises the financial projections for 2020 to \$2.03 (Canadian) per share from \$1.85, and lifts the target to \$24.50 from \$24. The stock close Friday at \$15.59.

The analyst maintains an "outperform" rating and said:

"We believe Labrador Iron Ore Royalty Corporation offers investors good exposure to premium iron ore through its interest in and royalties on Iron Ore Company of Canada (IOC).

Directly and through its wholly-owned subsidiary, Hollinger-Hanna Limited, LIF owns a 15.1% equity interest in IOC and receives a 7% gross overriding

royalty on all iron ore produced from leased lands, sold and shipped by IOC and a 10-cents per tonne commission on sales of iron ore by IOC.

Given LIF's exposure to premium iron ore (which we believe should trade at a premium given structural changes in the iron ore market), low jurisdictional risk and attractive dividend yield, we rate the shares outperform.

We also note additional value might be created if the royalty cash flows and other cash flows were split into separate companies in a tax-efficient manner given royalty companies historically trade at a higher multiple given their lower risk."



U.S. ANALYSTS' CALLS

Apple (NASDAQ:AAPL). Morgan Stanley strategist Michael Wilson believes it's time to buy stocks, said *"the worst is behind us"*, and that the risk-reward hasn't been this attractive in years.

Wilson released a report entitled *"Good Companies At Better Prices"* listing several stock ideas with *"overweight"* ratings.

"Overweight rated by Morgan Stanley analysts have return on equity in the top 50% of stocks in their respective regions and sectors, and have sold off at least 15% from 52 week highs, the median stock on our list is down 27%."

Other stocks on the list include:

Alphabet, Boston Scientific, Dover, Ericsson, Home Depot, Blackrock, MasterCard, Microsoft, Nike, Schneider Electric, Stryker, Visa and Xilinx.

Wayfair (NYSE:W) is up 38% pre-market after the e-commerce home retailer said business doubled in the latter half of March as consumers bought items for home offices.

Inovio Pharma (NASDAQ:INO) plans its first dosing of patients today in a trial of a DNA COVID-19 vaccine.

Tesla (NASDAQ:TSLA). Jefferies upgrades to "buy" and lowers the target to \$650 (U.S.) from \$800.

Altra Industrial Motion (NASDAQ:AIMC). Keybanc upgrades to "overweight".

STOCKS THAT MAY MOVE

Canada's big six banks will cut credit card interest rates to provide relief to customers affected by COVID-19.

CAE (TSX:CAE) plans to produce about 10,000 ventilators within three months.

MTY Food Group (TSX:MTY) has suspended its quarterly dividend that would normally have been paid in May, has temporarily laid off over half of its global workforce, reduced base salaries for its leadership team, and said capital and operational spending has been reduced to a minimum.

The company said:

"Although the disruption is currently expected to be temporary, there is significant uncertainty around the ultimate extent, duration, severity of the pandemic itself and effects on consumer behaviour and other factors associated with or resulting from that pandemic.

The impact of the virus and the efforts to contain it affect the business, operations and financial performance of MTY and its franchise network daily. Therefore, as we expect this matter to materially impact the company's results for at least our second and third quarters of 2020, the related financial impact cannot be reasonably estimated at this time."

NFI Group (TSX:NFI) will extend the idling of nearly all bus and coach production facilities “to help ensure the safety of its employees, customers, and suppliers during the ongoing COVID-19 pandemic.”

First Majestic Silver (TSX:FR) said operations at its San Dimas, Santa Elena and La Encantada mines in Mexico will be temporarily suspended in accordance with Mexico’s Ministry of Health’s Decree to mitigate the spread and transmission of COVID-19.

JP Morgan (NYSE:JPM) CEO Jamie Dimon said the bank may suspend its dividend in 2020 due to the COVID-19 pandemic.

Occidental Petroleum (NYSE:OXY) said CFO Robert Peterson is being replaced by company insider Cedric Burgher and will be moved to another role without giving an explanation. OXY is sitting on \$40 billion in debt after an ill-timed deal to buy Anadarko Petroleum.

ProPetro Holding (NYSE:PUMP).

Billionaire Dan Wilks continues to snap up stakes in distressed shale fracking companies, this time taking a 10% position in PUMP.

Acreage Holdings (CSE: ACRG.U). The New York-based cannabis company announced a series of moves to deal with the COVID-19 pandemic, including:

- Temporarily furloughed 122 employees across both the corporate office and field operations teams.

- Temporarily closed certain operations, including:
 - One dispensary in each of Maryland and North Dakota
 - Wholesale operations in Iowa
 - Form Factory operations in California, Oregon, and Washington

- Converted its dispensary in Queens, New York, to a delivery hub.

- Terminated the securities purchase agreement relating to the proposed acquisition of a dispensary in Rhode Island.

- Terminated the merger agreement entered into

with Deep Roots Medical announced April 18, 2019.

- Announced the resignation of Steve Hardardt, the Company's Executive Vice President, Chief People Officer and Administration, effective immediately.
- Suspended its previous 2020 financial targets.

MARKETS

S&P/TSX and U.S. equity futures are sharply higher to start the week partly on the concept that new U.S. COVID-19 cases may be stabilizing.

CURRENCIES

The Canadian dollar is up 0.5% at 0.7072 (U.S.) on the back of higher oil prices.

COMMODITIES

West Texas Intermediate is down 4.3% to \$27.11 a barrel as a OPEC+ meeting was postponed from today to Thursday, and a Russian official said an agreement with Saudi Arabia on a production cut is close.

Gold is back to the upside higher by 1.9% to \$1,676.90 an ounce.

Please email questions, comments or concerns to:

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