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The new [\*Capital Ideas Digest\*](#) is now available and highlights research on a company whose stock could have 120% upside thanks to what the analyst calls a "landmark" supply contract to fight COVID-19.

OPEC+ could be close to a production deal so we examine a company that's called a "must-own"

stock.

And we look at **surprisingly bullish sentiment** from institutional investors which is accompanied by some compelling charts.

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## **Morning Need to Know**

Getting you ready for your investing day

**April 8, 2020**

Written & compiled by **Mark Bunting**, Publisher,  
Capital Ideas Media



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## **CANADIAN ANALYSTS' CALLS**

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**Canadian Western Bank (TSX:CWB).**

Canaccord Genuity upgrades to "buy", lowers the EPS estimates for this year and next and lowers the price target to \$22 (Canadian) from \$33.

**Marathon Gold (TSX:MOZ).** National Bank raises the target to \$2.50 from \$2.25 following results from a pre-feasibility study from the company's Valentine Lake project in Newfoundland.

**Brookfield Asset Management (TSX:BAM.A;NYSE:BAM).**

TD Securities upgrades to "action list buy" from buy and lowers the target to \$44 (U.S.) from \$51.

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## U.S. ANALYSTS' CALLS

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**Walmart (NYSE:WMT).** Citi analyst Paul Iejuez assumes coverage with a "buy" rating and raises the target to \$140 from \$137, saying it's the retailer's "*time to shine*" and that the stock is "*undervalued*".

**Blackrock (NYSE:BLK).** JP Morgan ups the target to \$482 from \$448. More on BLK below.

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## STOCKS THAT MAY MOVE

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**Novavax (NASDAQ:NVAX)** said it had identified a coronavirus vaccine candidate and would start human trials in mid-May.

**We featured NVAX in the March 24 Digest as an idea. It's up nearly 17% since then.**

**Zoom Video Communications (NASDAQ:ZM).** Here come the lawsuits. A shareholder of the company, whose video conferencing product has become massively popular during the pandemic, has launched a class action suit against Zoom for allegedly overstating its privacy standards and not disclosing that its conferencing was not end-to-end encrypted.

**This one was also an idea in the March 24 Digest in which we said wait for a pullback because the stock**

had screamed higher to about \$135 (U.S.) at that time. The shares closed yesterday at \$113 with the risk appearing to be to the downside with the company in damage control.

**Tecsys (TSX:TCS)** has arranged a \$20 million (Canadian) bought-deal financing with a syndicate of underwriters that will buy more than 1.15 million common shares at \$17.25 each. The stock closed at \$19.56.

**Valens GroWorks (TSX:VLNS)** will bottle and donate 40,000 bottles of hand sanitizer in various formats to frontline health care workers across Canada and provide 10,000 units to Shoppers Drug Mart to aid their public-facing workers at pharmacies across Canada. Valens also said it has donated "significant quantities" of various personal protective equipment (PPE) such as gloves, gowns, and sanitizing wipes from its existing supply.

**Square (NYSE:SQ) & Twitter Inc (NYSE:TWTR).** Jack Dorsey, CEO of both companies, pledged \$1 billion (U.S.) of his stake in Square, about 28% of his net worth, to help fund relief efforts related to the coronavirus pandemic.

The money will be donated to his charity fund, Start Small, which would later focus its attention to universal basic income and girls' health and education.

Dorsey said all donations to and from the fund would now be visible to the public at all times through a public document.

**KKR (NYSE:KKR).** The private equity fund has set up

a \$50 million fund to help people affected by the pandemic, including front-line health care workers.

**Levi Strauss (NYSE:LEVI)** beat estimates with its quarterly sales and earnings and said mostly all of its stores in China, including in Wuhan, were open and that sales in that country were rising.

**AstraZeneca (NYSE:AZN).**

Working with **GlaxoSmithKline (NYSE:GSK)** and the University of Cambridge, AZN said it will have a coronavirus testing facility up and running in Britain later this month and expects to be able to conduct about 30,000 tests per day by early May.

**Tesla (NASDAQ:TSLA)** will furlough all non-essential workers and implement salary cuts during the shut down of its U.S. production facilities.

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## MARKETS

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**S&P/TSX and U.S. equity futures** have turned higher after most of Tuesday's gains were unwound by the end of the session.

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## Yardeni Research

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The following is based on Ed Yardeni's most recent note in which he calls what he believes is the market bottom.

*"...many of our institutional accounts told me in telephone and video conference calls that they were unable to capitalize on what they saw as a buying opportunity after the Great Virus Crisis (GVC) (Yardeni's term) depressed the S&P 500 following its February 19 record high.*

*In particular, balanced funds couldn't take advantage of the great opportunity they saw to rebalance away from bonds and into stocks because the bond markets had frozen up, making it impossible to raise cash by selling bonds.*

*That all changed on March 23. We noted that institutional investors rushed to sell their bonds to the Fed and used the cash to rebalance into equities.*

*We think investors still have plenty of bonds to sell to the Fed, which will bring in cash with which to buy stocks. That would support our belief that the bear-market bottom was made on March 23."*

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## **CURRENCIES**

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**The Canadian dollar is down slightly at 0.7134 (U.S.).**

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## **COMMODITIES**

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**West Texas Intermediate is up 2.4% to \$24.20 a barrel with the OPEC+ teleconference pending on Thursday.**

**Gold is higher by 0.4% to \$1,690.50 an ounce.**

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**Please email questions, comments or concerns to:**

**[customercare@capitalideasresearch.com](mailto:customercare@capitalideasresearch.com)**

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**Access, insight and ideas.**

**Mark Bunting  
Publisher,  
Capital Ideas Media**



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