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## Morning Need to Know

Getting you ready for your investing day

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## CANADIAN ANALYSTS' CALLS

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**Resolute Forest Products Inc. (TSX:RFP).** RBC Dominion Securities analyst Paul Quinn upgraded the stock to an “Outperform” rating from “Sector Perform,” while raising his target price for Resolute shares to US\$5.50 from US\$4, expecting record lumber prices to drive increased profitability.

“While we remain negative on graphic paper markets, we expect that record lumber prices, especially in Eastern Canada, will more than offset declines in newsprint & specialty paper,” he said.

“In addition, strong cash flow from the lumber business could be used to reduce leverage, which has been a key investor concern. We expect that COVID-19 has accelerated Resolute’s transition to becoming a Lumber-Pulp-Tissue producer, which we view favorably.”

**Bank of Nova Scotia (TSX:BNS).** Canaccord Genuity analyst Scott Chan downgraded the Big Canadian bank to “Hold” yet increased his target price on the stock to \$60.50 per share from \$60, anticipating an 8% EPS drop as he expects its international operations to yield a larger provision for credit losses.



## U.S. ANALYSTS' CALLS

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**Walmart Inc. (NYSE:WMT).** Citi analyst Paul Lejuez upped his target price on shares of the giant retailer to US\$155 from US\$140, while maintaining a "Buy" rating, seeing reasons for optimism.

“This is WMT’s time to shine,” the analyst wrote.

“When we think about what has been working (and what will continue to work) in general within the U.S. retail landscape, we would characterize it as online, off-mall, convenience and value. WMT checks all four boxes. But we believe even more so in the current COVID-19 crisis, WMT is in the right spot. It is a largely consumables based business (grocery is 55 per cent of sales) and they are value-priced. Because the company is there to serve customers through this period, we believe it will result in more customer loyalty and help WMT gain new customers that might not have shopped there before.”

**Walt Disney (NYSE:DIS).** Citi analyst Jason Bazinet raised his target price on the stock to US\$150 per share from US\$135, while keeping his “Buy” rating, believing investors are “increasingly focused” on the prospects of its operations to “gradually return to normal.”

“Going forward, we continue to expect a measured recovery within Disney’s core businesses (Parks, Studio, and Media Nets). At the same time, we continue to forecast robust growth at Disney’s Direct-to-Consumer segment (including Hulu, Disney+, ESPN+, and the firm’s newly-announced Star DTC platform),” Mr. Bazinet said.

“We expect the market to continue to embrace the firm’s strategic pivot, embodied by the growth of its direct-to-consumer platforms.”



## STOCKS THAT MAY MOVE

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**Kinaxis Inc. (TSX:KXS)** said it has signed a partnership agreement with Pactera Consulting Japan Co., Ltd., which is expected to strengthen the sales and support ecosystem in Japan and throughout APAC region.

**Maple Leaf Foods Inc. (TSX:MFI)** reported that it has temporarily suspended pork exports to China on a voluntary basis due to recent protocols adopted by

the Chinese government for Canadian processors.

**B2Gold Corp. (TSX:BTO)** announced that mining operations at its Fekola Mine in Mali, West Africa, have not been affected in any way by the country's current political instability.

## MARKETS

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**S&P/TSX and U.S. equity futures** are pointing to a mixed open Wednesday on reports that U.S. House speaker Nancy Pelosi said the Democrats may scale back on their stimulus plans to find more common ground with Republicans.

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## CURRENCIES

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**The Canadian dollar** is up 0.07 at 0.7601 (U.S.).

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## COMMODITIES

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**West Texas Intermediate crude oil** slipped 1% at \$42.48 ahead of a meeting of OPEC members and their allies to assess compliance with production cuts.

**Gold** fell 0.8% to \$1,997.40 an ounce.

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Please email questions, comments or concerns to:

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