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A note to our paid subscribers: There will be no Weekly Digest this week. Our next edition will be published on September 8.

Morning Need to Know

Getting you ready for your investing day

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CANADIAN ANALYSTS' CALLS

CWB Financial Group (TSX:CWB). Desjardins Securities analyst Doug Young raised his target price on the Western Canadian bank to \$30 per share from \$26, while maintaining a "Buy" rating, in response to its stronger-than-expected Q3 results.

“Valuation is compelling, an improved funding mix should help temper NIM compression and the conversion to calculating RWA under the AIRB methodology remains on track for approval by year-

end FY20,” the analyst wrote.

“That said, CWB’s exposure to western Canada, while lower versus a few years ago, remains a concern.”

Pason Systems Inc. (TSX:PSI). Industrial Alliance Securities analyst Elias Foscolos increased his target price on shares of the provider of data management systems for drilling rigs to \$7 from \$6.50, while keeping a "Hold" rating.

“As PSI is a pure-play drilling technology company, excluding small early-stage investments outside of the energy space, we expect it to lag in the recovery in energy markets,” he said.

“Commentary from the Company is consistent with this thesis, suggesting that the drilling market will bottom in Q4/20 (iA est: Q3/20) and gradually recover through 2021. PSI maintains large cash reserves and has no debt, and has also adjusted its dividend and cost structure downward to account for medium-term expectations. Weighing weakness and uncertainty in the North American drilling market against safety in the balance sheet (the Company has \$2.00/share in cash), the stock will likely be in the

penalty box for a while.”



U.S. ANALYSTS' CALLS

Marvell Technology Group Ltd. (NASDAQ:MRVL). Cowen analyst Karl Ackerman upgraded the stock from "Underperform" to "Market Perform" and boosted his price target from \$18 to \$31 per share, citing Marvell's long-term 5G chip partnerships.

Marvell continues to be the sole merchant vendor for baseband and one of only two vendors for layer two and layer three control and transport functions in distributed units of the 5G Radio Access Network, Mr. Ackerman wrote.

"As more data proliferates from edge devices and end users seek to gain intelligence from data at the highest performance and lowest cost/watt, Marvell's in-house IP on advanced n-node silicon should continue to create strong customer demand pull."

Rackspace Technology (NASDAQ:RXT). RBC Dominion Securities analyst Daniel Perlin initiated coverage of the cloud services company with an “Outperform” rating and a US\$29 per share target price.

“We believe RXT’s current valuation only gives credit to where the company is today in its transition, but does not underwrite the positive mix shifts that are occurring in the underlying business,” the analyst said.

“We believe the stock can re-rate higher, as additional proof-points of the transition emerge.”



STOCKS THAT MAY MOVE

Obsidian Energy Ltd. (TSX:OBE) reported that it has proposed a merger with Bonterra Energy Corp. (TSX:BNE), in which Bonterra shareholders would own about 48% of the combined company.

Premium Brands Holdings Corporation (TSX:PBH)

announced that it has agreed to acquire Global Gourmet Foods Inc. as well as Allseas Fisheries Inc. in consideration for \$115 million in cash, \$10 million in Premium Brands common shares and up to \$14 million in contingent consideration.

Whitecap Resources Inc. (TSX:WCP) said it has agreed to acquire NAL Resources Limited, a wholly-owned subsidiary of Manulife Financial Corporation, in an all-stock transaction valued at approximately \$155 million. Whitecap will issue Manulife 58.3 million Whitecap common shares.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a mixed open Monday ahead of stock splits from Apple Inc. and Tesla, which take effect today.

CURRENCIES

The Canadian dollar is up 0.19 at 0.7653 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 1% at \$43.38 following a positive report on China's services sector

and a supply cut in Abu Dhabi.

Gold slipped \$2.70 to \$1,972.20 an ounce.

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