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Morning Need to Know

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CANADIAN ANALYSTS' CALLS

WELL Health Technologies Corp. (TSX:WELL). Paradigm Capital analyst Daniel Rosenberg initiated coverage of the digital healthcare stock with a "Buy" rating and a target price of $4.10 per share, calling the Company an "M&A machine with a large runway for growth."

"We believe WELL is in the early innings of establishing itself as a technology leader in the digital healthcare sector. For investors it is an M&A compounder which can drive value within the massive healthcare market that is ripe for digital transformation. WELL owns 20 primary healthcare medical clinics, is Canada's third-largest EMR (electronic medical record) provider, and operates a national telehealth service. The company invested in a number of other technology assets. Since early 2018, WELL has completed 15 transactions, including 12 acquisitions and three equity investments driving rapid growth from revenue of zero in 2017 to a current revenue rate of ~$44 million. Leadership has shown an exceptional capability to execute disciplined accretive M&A and to acquire valuable technology that can scale. Secular changes accelerated by the pandemic are strong tailwinds supporting WELL's strategy to leverage technology and drive efficiencies in healthcare, in turn improving patient outcomes and generating shareholder value," he said.

Xebec Adsorption Inc. (TSXV:XBC). H.C. Wainwright analyst Amit Dayal lowered his rating on shares of the renewable gas company to "Neutral" from "Buy."

"We believe the company's revenue drivers remain healthy, including demand for hydrogen and renewable natural gas (RNG) deployments," the analyst wrote.

“The company also has lined up a significant carbon capture opportunity associated with NYC building emissions, that could support future growth. These drivers and management’s efforts with respect to margin improvements should allow earnings growth to re-emerge in the near future. We plan to revisit our rating on the company based on meaningful execution on this front.”

U.S. ANALYSTS' CALLS

Electronic Arts (NASDAQ:EA). Needham analyst Laura Martin maintained her "Buy" rating on the video games maker while raising her target price from $150 to $165 per share, saying the Company has continued to pivot toward annuity revenue streams, and the video game industry’s growth is accelerating rapidly, with higher lifetime value during the pandemic.

This trend is not limited to the near term, and “post-pandemic engagement levels will remain elevated compared to January 2020 [pre-coronavirus] levels," Ms. Martin said.

"Finally, we appreciate EA's licensed IP strategy, which outsources its marketing costs to the sports leagues and film companies that own the underlying IP."

FirstCash, Inc. (NASDAQ:FCFS). Barclays upgraded shares of the pawn shop chain to "Overweight" with a $80 per share target price.

STOCKS THAT MAY MOVE

METRO INC. (TSX:MRU) announced that its third-quarter sales rose more than 10% to $5.84 billion, with a 15.6% increase in food same-store sales. The grocery retailer also earned a better-than-expected $1.08 per share on an adjusted basis.

Minto Apartment Real Estate Investment Trust (TSX:MI.UN) reported that it will increase its monthly distribution 3.4% following better-than-expected Q2 revenue of $31.3 million.

Stuart Olson Inc. (TSX:SOX) said it has been awarded approximately $225 million in new contracts.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Wednesday on continued hopes for a COVID-19 vaccine.

CURRENCIES

The Canadian dollar is up 0.14 at 0.7533 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 2% to $42.45 following a larger-than-expected drop in U.S. crude inventories.

Gold eased $1.50 to $1,944.80 an ounce.

Please email questions, comments or concerns to:

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