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Morning Need to Know

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Written & curated by Sean Mason, Associate
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CANADIAN ANALYSTS' CALLS

Superior Plus Corp. (TSX:SPB). Desjardins Securities analyst David Newman raised his target price on the distributor of propane, distillates, and specialty chemicals products to \$15 per share from \$13.50, with a “Buy” rating, remaining optimistic about the near-term for the Company following its recent acquisition of Rymes Propane and Oil.

“Despite the modest downward revision to our 3Q20 estimates, it is important to note that 3Q is typically the weakest quarter of the year for propane demand, with greater variability in the results,” he said.

“Further, we are increasing our full-year estimates on the back of the recent Rymes acquisition to the mid-point of SPB’s EBITDA guidance range (C\$495-million versus SPB’s full-year EBITDA guidance range of \$475–515-million). SPB’s current guidance is at the lower end of its EBITDA guidance range, which could be increased to the mid-point upon release of its results, in our view.”

mdf commerce inc. (TSX:MDF). Acumen Capital analyst Nick Corcoran upgraded the stock to “Buy” from “Speculative Buy,” while increasing his target price to \$12.50 per share from \$9.00, saying MDF has “transitioned to a high-quality profitable SaaS company” under the leadership of President and CEO Luc Filiatreault.

“Growth is focused on Strategic Sourcing and Unified Commerce, allowing it to capture growth in digital commerce,” the analyst wrote.

“MDF has experienced multiple expansion as the market gains confidence in the new strategy. Catalysts for the story include an acceleration in organic growth and potential acquisitions.”



U.S. ANALYSTS' CALLS

Zoom Video

Communications (NASDAQ:ZM). Mizuho analyst Siti Panigrahi initiated coverage of the stock with a "Buy" rating and price target of \$550 per share.

“We believe Zoom can continue to deliver outsized revenue growth due to its position as a market leader, its global recognition, cross-sell opportunities, and its position in a growing and under-penetrated long-tail market,” Mr. Panigrahi said.

Roku, Inc. (NASDAQ:ROKU). Needham analyst Laura Martin maintained a "Buy" rating on the stock, while upping her price target to \$255 per share from \$190.

“By implication, if any new OTT service wants to launch in the U.S., it must be distributed by Roku to be successful,” she wrote.

“Streaming box/sticks are now in 57% of U.S. homes in April 2020, up from 50% in April 2019...In April 2020, SmartTVs were in 51% of homes up from 43%

of US homes in April 2019.”



STOCKS THAT MAY MOVE

MTY Food Group Inc. (TSX:MTY) reported that its Q3 net profit was \$22.9 million, unchanged from a year ago, even as revenue for the period fell 16% to \$135.4 million due to the impact of COVID-19.

Advantage Oil & Gas Ltd. (TSX:AAV) said it is increasing its capital spending for 2020 by about \$17 million to between \$147 million and \$162 million.

Khiron Life Sciences Corp. (TSXV:KHRN) announced that its medical cannabis prescriptions increased by more 450% quarter over quarter during Q3.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Friday on continued hopes for a U.S. stimulus package. In Canada, Statscan reported the creation of 378,000 new jobs in September, more than double the 150,000 expected by economists.

CURRENCIES

The Canadian dollar is up 0.33 at 0.7611 (U.S.).

COMMODITIES

West Texas Intermediate crude oil fell 0.6% at \$40.95.

Gold gained 1.5% to \$1,922.90 an ounce.

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CANADIAN ANALYSTS' CALLS

H₂O Innovation Inc. (TSXV:HEO). Desjardins Securities analyst Frederic Tremblay initiated coverage on the stock with a “Buy” rating and a \$2 per share target price, as he sees “massive” spending on water and wastewater treatment systems due to challenges to clean water availability, the regulatory environment and the “poor shape” of infrastructure.

“We believe HEO’s expertise in membrane-based products and services positions the company to capture growth opportunities,” he said.

“The U.S. (where HEO generates 70 per cent of revenue) has 65,000 water and wastewater systems, most of which are small local entities with aging workforces and are seeking know-how and customized solutions that an experienced partner like HEO can offer. The company can also tap into opportunities, including desalination, outside of the U.S., thanks in part to its global network of distributors for specialty products.”

Canadian Apartment Properties Real Estate Investment Trust (TSX:CAR.UN). Raymond James analyst Brad Sturges resumed coverage on the REIT with an “Outperform” rating and \$55.50 per share target price.

“Although the Ontario Government’s expected plan to freeze rents for existing tenants in 2021, we believe that CAPREIT is positioned to capture higher AMRs [average monthly rents] realized upon suite turnover, and to execute on Canadian multifamily sector consolidation prospects due to its financial position,” the analyst wrote.

“CAPREIT’s affordable rental portfolio segment may experience resilient leasing demand fundamentals during the pandemic, supporting its future organic growth profile.”



U.S. ANALYSTS' CALLS

Amazon.com Inc. (NASDAQ:AMZN). Bernstein analyst Mark Shmulik upgraded the stock to “Outperform” from “Market Perform” with a

US\$3,400 per share target price.

“Amazon is positioned to increase their dominant share position when the return to physical stores occurs. Amazon has also quietly made substantial inroads into grocery and ‘shopping’ verticals,” Mr. Shmulik said.

“Amid COVID, Amazon has executed incredibly well, pivoting its operations and inventory to in-demand verticals – with flexibility and speed we didn’t expect.”

He added that he believes the Company can make further gains in other “revenue pools” like advertising and cloud services.

Teladoc Health Inc. (NYSE:TDOC). DA Davidson initiated coverage on shares of the virtual healthcare provider with a "Buy" rating and a \$250 per share price target.



STOCKS THAT MAY MOVE

Dye & Durham Limited (TSX:DND) reported that its Fiscal 2020 revenue rose 49% to \$65.5 million, while its Adjusted EBITDA for the year increased 39% to \$36.7 million.

Great Bear Resources Ltd. (TSXV:GBR) provided an update on metallurgical testing underway at its 100% owned Dixie Project in the Red Lake district of Ontario. CEO Chris Taylor commented that “in more than 99% of observed instances, gold occurs freely or on the edges of sulphide grains, suggesting potential for very high metallurgical recoveries, as has been observed at other free gold hosting deposits in the Red Lake district.”

Neptune Wellness Solutions, Inc. (TSX:NEPT) announced that it has agreed to an import and stocking distribution partnership with a global consumer goods company for professional beauty, personal care and hygiene product lines, which the two companies project will generate revenue of between US\$65 million and US\$137 million over the next 18 months.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a mixed open Tuesday as investors look ready to start buying some beaten-down tech stocks south of the border.

CURRENCIES

The Canadian dollar is down 0.01 at 0.7514 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 0.7% at \$39.60 as the latest storm in the Gulf of Mexico lost strength.

Gold gained 0.3% to \$1,916.40 an ounce.

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