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Morning Need to Know

Getting you ready for your investing day

October 14, 2020

Written & curated by Sean Mason, Associate Publisher, Capital Ideas Media



CANADIAN ANALYSTS' CALLS

Nutrien Ltd. (TSX:NTR). RBC Dominion Securities analyst Andrew Wong lowered his target price on Nutrien shares to US\$47 from US\$48, while maintaining an “Outperform” rating, believing a rebound in nitrogen prices won’t likely appear until early 2021.

“Retail likely helped by high acreage and solid crop prices, but seasonally slower and down year-over-year as Q3/19 benefited from delayed activity in prior quarters,” he said.

“Potash volumes were likely strong due to contract shipments and prices stabilized. Nitrogen volumes were hurt by Trinidad outage and prices were lower than expected due to weak cost curve support.”

Microbix Biosystems Inc. (TSX:MBX). Industrial Alliance Securities analyst Chelsea Stellick upgraded her rating on the life sciences stock to “Buy” from “Speculative Buy,” while raising her target price to \$0.70 per share from \$0.50, citing “greater certainty on future revenues.”

“MBX will now also create locally based viral transport media (VTM),” the analyst wrote.

“VTM allows for the safe transfer and storage of the virus before it is processed in a laboratory. The daily vial capacity is in the thousands, increasing to tens of thousands after automation. We believe that this opportunity in Ontario could open future opportunities with other Canadian provinces to

supply both its QAPs or VTM for COVID-19 testing.”



U.S. ANALYSTS' CALLS

Alliance Data Systems Corporation (NYSE:ADS). Morgan Stanley analyst Jeffrey Adelson initiated coverage on the provider of data-driven marketing, loyalty and payment solutions with an "Overweight" rating and \$67 per share price target.

“New management has a track record in consumer finance, understand the need to refocus on retail card and drive sustainable growth,” Mr. Adelson said.

“After a shutdown-driven drop in revenues in 2Q, we believe a robust recovery in card purchase volumes is already underway. ADS is levered to a V-shaped recovery in consumer spending, which our economists estimate will bounce 8% in 2021e.”

Microsoft Corporation (NASDAQ:MSFT). UBS initiated coverage on the stock with a "Buy" rating

and a \$243 per share target price.



STOCKS THAT MAY MOVE

Restaurant Brands International Inc. (TSX:QSR) reported a preliminary third-quarter comparable sales decline of 7% for Burger King and 12.5% for Tim Hortons, while chicken sandwich demand is expected to boost sales at Popeyes by 17.4%.

A&W Revenue Royalties Income Fund (TSX:AW.UN) said it will pay a special cash distribution of \$0.30 per unit payable on October 30, 2020 to unitholders of record as of the close of business on October 23, 2020.

Karora Resources Inc. (TSX:KRR) announced third-quarter gold production of 24,717 ounces, while its cash balance increased 34% quarter over quarter to \$67.3 million.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Wednesday following better-than-expected results from Goldman Sachs.

CURRENCIES

The Canadian dollar is up 0.08 at 0.7619 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 0.3% at \$40.32 after the International Energy Agency said global oil inventories are being steadily reduced.

Gold gained 0.9% to \$1,911.40 an ounce.

Please email questions, comments or concerns to:

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Access, insight and ideas.

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September 22, 2020

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Publisher, Capital Ideas Media**



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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