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Morning Need to Know

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December 10, 2020

Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

Whitecap Resources Inc. (TSX:WCP). Raymond James analyst Jeremy McCrea raised his target price on Whitecap shares to \$5.50 from \$4.25, while upgrading the stock to “Strong Buy” from “Outperform,” saying he expects the Company's announced acquisition of TORC to spark a buying spree with institutional investors.

“Overall, the energy business is quickly changing and size and scope matter more than ever. Whitecap is quickly showing it will be consolidator and as we’ve seen with other acquirers in the U.S. and Canada, strong with strong transactions are typically

rewarded. ... We expect a number of new shareholders could begin a buying spree over the next several months,” he said.

H₂O Innovation Inc. (TSXV:HEO). Industrial Alliance Securities analyst Naji Baydoun reiterated his “Buy” rating on the water treatment stock while increasing his target price to \$2.75 per share from \$2.25, as he continues to forecast “strong” top- and bottom-line growth through 2025.

“From a financial perspective, depending on HEO’s success at executing on tuck-in acquisitions, we estimate that \$15-75-million of new investment via M&A could drive 9-23-per-cent FCF [free cash flow] per share growth compared to our current long-term financial forecasts,” the analyst wrote.

“We remain conservative in our financial forecasts and continue to exclude acquisitions from our estimates. However, based on HEO’s (1) current balance sheet position, and (2) FCF generating power, we believe that the Company has the financial flexibility to pursue several tuck-in acquisitions over the near term. In our view, the Company could achieve the lower half of its F2023 financial guidance

range via a combination of organic growth and M&A without the need for any discrete external common equity financing at this time.”



U.S. ANALYSTS' CALLS

Apple Inc. (NASDAQ:AAPL). Wedbush analyst Daniel Ives boosted his price target on Apple stock from \$150 to \$160 per share, but outlined a bull case for as high as \$200, saying the Company is experiencing an iPhone 12 “supercycle” and seeing “major tailwinds,” not seen since 2014.

Mr. Ives estimates there are 350 million out of 950 million iPhones globally that are in the window of an upgrade opportunity, which can translate into an “unprecedented upgrade cycle” for the tech giant with the holiday season on the horizon.

Hannon Armstrong Sustainable Infrastructure Capital Inc. (NYSE:HASI). JPMorgan analyst Mark Strouse bumped his target price on the renewable energy REIT up to \$57 per share from \$48, while maintaining an “Overweight” rating on the stock.

“Although multiples are elevated from historical levels, the industry remains in the early innings of adoption, and there is further upside potential in the stocks as estimates are potentially revised higher,” he wrote.



STOCKS THAT MAY MOVE

Crew Energy Inc. (TSX:CR) announced plans to increase its annual average daily production by about 150% over the next two years.

Mullen Group Ltd. (TSX:MTL) said it will raise its annual dividend 33% to \$0.48 per share.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a lower open Thursday as optimism over US stimulus talks begins to fade and Airbnb shares are set to begin trading.

CURRENCIES

The Canadian dollar is up 0.22 at 0.7823 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 1.3% at \$46.10.

Gold gained 0.2% to \$1,841.50 an ounce.

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