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Morning Need to Know

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Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

good natured Products Inc. (TSXV:GDNP). Raymond James analyst Steve Hansen initiated coverage on the bioplastic producer with an “Outperform” rating and a \$1.50 per share target price, seeing “compelling” macro trends and “strong” M&A and organic growth for the company.

“In short, we believe Good Natured is superbly positioned to capitalize on consumer’s shifting preference away from petroleum-based plastics toward sustainable, plant-based packaging and everyday products,” he said.

“Coupled with the company’s unique strategy and transformative recent acquisitions, we see outsized growth opportunities ahead.”

5N Plus Inc. (TSX:VNP). Raymond James analyst Michael Glen initiated coverage on the stock with a “Strong Buy” recommendation and a \$5 per share target price, emphasizing its “substantial” valuation disconnect within the specialty semiconductor segment.

“We understand some of the reasons investors have been reluctant to apply a higher multiple to 5N Plus; however, we believe many of these views are outdated. We have seen this story play out in the Canadian market many times before: investors remain focused on a company’s history, and are hesitant to acknowledge management’s efforts to transition to a more specialized end market,” the analyst wrote.

“We aim to demonstrate that from both an operational and fundamental approach, we believe 5N Plus is one of those companies – a significantly undervalued entity.”



U.S. ANALYSTS' CALLS

Dollar General Corporation (NYSE:DG). Loop Capital Markets analyst Anthony Chukumba upgraded the discount retailer to “Buy” from “Hold,” while raising his price target to \$260 per share from \$220, saying the company is in the “early innings” of multiple strategic initiatives that will be counted on to drive improved financial performance in 2021 and beyond.

“Dollar General's stock trades at the lowest P/E to five-year expected EPS growth (PEG) ratio among its large capitalization and general merchandise value retailer peers,” Mr. Chukumba said.

“Despite the valuation gap, Dollar General offers investors the highest projected long-term square footage and earnings growth rates among its peers.”

Nephros, Inc. (NASDAQ:NEPH). B. Riley Securities analyst Marc Wiesenberger initiated coverage on the provider of water purification products and pathogen

detection systems to the medical and commercial markets with a “Buy” rating and a \$12.50 per share price target.

“Nephros is in the process of seeking FDA clearance for its second-generation hemodiafiltration product for dialysis patients, which is a low-cost, real option to the company's established operations,” he wrote.

The analyst expects Nephros to return to growth as the environment normalizes in the second half of 2021.



STOCKS THAT MAY MOVE

Canadian National Railway Co. (TSX:CNR) reported better-than-expected Q4 financial results and said it will raise its quarterly dividend 7% to C\$0.6150 per common share.

CGI Inc. (TSX:GIB.A) announced better-than-

expected Q1 financial results, aided by improved margins and lower restructuring and integration costs.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a lower open Wednesday ahead of the latest policy decision from the U.S. Federal Reserve.

CURRENCIES

The Canadian dollar is down 0.29 at 0.7848 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 0.08% at \$52.65.

Gold slipped 0.7% to \$1,838.70 an ounce.

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[*customercare@capitalideasresearch.com*](mailto:customercare@capitalideasresearch.com)

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