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Morning Need to Know

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Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

Algonquin Power & Utilities Corp.

(TSX:AQN). Desjardins Securities analyst Bill Cabel increased his target price on the independent power producer to US\$21 per share from US\$18, while maintaining a “Buy” rating.

“We believe AQN should be able to deliver strong, sector-leading returns, and it remains one of our preferred names in the sector. In the long term, stable, diverse operations combined with significant growth and a strong likelihood of another 10-per-cent annual dividend increase in 2021 should fuel further share price appreciation,” he said.

Stelco Holdings Inc. (TSX:STLC). Credit Suisse analyst Curt Woodworth upgraded the steelmaker to “Outperform” from “Neutral,” while raising his target price to \$26 per share from \$14.50.

“We upgrade Nucor, Steel Dynamics, and Stelco to Outperform from Neutral as we expect they will benefit from capital efficient capacity growth and strong FCF,” the analyst wrote.

“In our view, the market is awarding little credit for the recent historic rally in U.S. flat rolled steel prices, with HRC now trading at record high of \$1100 per ton. While we see HRC prices peaking in 2Q-21, we believe steel prices can remain well above the historical average of \$600 per ton through 2021, as new capacity likely won’t meaningfully affect market balances until 4Q-21. While scrap prices are expected to fall in February on higher shredded flows, we expect tight conditions in global pig iron / billet to lift prices again in March and support HRC values.”



U.S. ANALYSTS' CALLS

Zebra Technologies Corporation (NASDAQ:ZBRA). Needham analyst James Ricchiuti boosted his price target on the stock to \$445 per share from \$340, while keeping a “Buy” rating, ahead of the Company's Q4 earnings next week.

Mr. Ricchiuti contends that the strong growth in holiday online sales and the ongoing investments by e-commerce and logistics customers for omni-channel and curbside-pickup provide a “favorable backdrop” for Zebra Technologies in 2021.

Bed Bath & Beyond Inc. (NASDAQ:BBBY). Odeon Capital analyst Alexander Arnold upgraded the retailer to “Buy” from “Hold” with a \$38 per share price target, saying the recent selloff in the shares has “overshot fair value,” with the “Reddit exit providing an opportunity for more pragmatic investors to build positions at a discounted level.”

The analyst sees upside potential of nearly 50% to current trading levels. He believes Bed Bath is the third inning of a “long-term pivot” that will create “significant investor value for at least the next 3-5 years.”



STOCKS THAT MAY MOVE

BCE Inc. (TSX:BCE) reported better-than-expected Q4 financial results and said it will raise its quarterly dividend 5.1% to \$0.875 per share.

Lightspeed POS Inc. (TSX:LSPD) exceeded expectations with its third-quarter financial results as revenue for the period rose 79% to \$57.6 million.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a higher open Thursday as the U.S. earnings season continues to exceed most investors' expectations.

CURRENCIES

The Canadian dollar is down 0.18 at 0.7804 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 0.7% at \$56.10.

Gold slipped 1.1% to \$1,814.90 an ounce.

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