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Morning Need to Know

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Written & curated by the Capital Ideas Media team



CANADIAN ANALYSTS' CALLS

Aecon Group Inc. (TSX:ARE). Stifel Nicolaus Canada analyst Ian Gillies initiated coverage on construction and infrastructure stock with “Buy” rating and a target price of \$24.50 per share.

“Aecon stands to benefit from two trends. The first is a recovery in its EBITDA as COVID-19 issues wane and construction returns to a more normal cadence. As this occurs, we expect the company to benefit from increased government expenditures on infrastructure and private spending on utility projects,” he said.

“This trend will be augmented by a continued re-rating in the company's EV/EBITDA multiple as there are few ways to gain direct investment exposure to public spending. We believe the company is on a path to \$5.0 billion of revenue and EBITDA of \$400 million.”

Metalla Royalty & Streaming Ltd. (TSXV:MTA). PI Financial analyst Justin Stevens upgraded the precious metals royalties and streaming company to “Buy” from “Neutral,” while increasing his target price to \$13 per share from \$11.

“We view the recently announced acquisitions of royalties on the Tocantinzinho and CentroGold projects positively, giving Metalla exposure to two advanced development projects which could provide meaningful cash flow once developed,” the analyst wrote.



U.S. ANALYSTS' CALLS

Crown Castle International Corp.
(NYSE:CCI). KeyBanc analyst Brandon Nispel

upgraded the cell tower real estate stock to “Overweight” from “Sector Weight” with a \$193 per share price target.

Mr. Nispel is citing the “improving macro 5G narrative,” which should produce accelerating capital spending and new leasing activity that would reach record highs in the next 2-3 years.

He recommends that investors build positions in a rising interest rate environment amid the “strong” secular drivers.

Norfolk Southern Corporation (NYSE:NSC). Citi analyst Christian Wetherbee raised his target price on the railway stock to \$305 per share from \$290, while maintaining a “Buy” recommendation, calling it “the next good-to-great rail story.”

“Norfolk Southern has arguably already been a good rail story, given its stock price outperformance, but we think there could be another \$100 per share of upside remaining as the company executes on its PSR [precision scheduled railroading] and growth opportunities,” he wrote.

“Sell side expectations remain too low and we think fundamentals are accelerating near-term. In addition, based on our detailed benchmarking analysis there remains a multi-year catch up opportunity for NS to close the OR [operating ratio] gap with CSX and drive towards 57 per cent and a \$16-plus earnings number in 2023. Collectively, NS appears to best couple earnings potential and relatively manageable expectations to drive the most upside in rails.”



STOCKS THAT MAY MOVE

TELUS Corporation (TSX:T) said it is raising \$1.3 billion in a stock sale, at a price of C\$25.35 per share, in order to accelerate the expansion of its fibre-optic broadband network and deploy its 5G wireless technology.

Slate Grocery REIT (TSX:SGR.UN) announced it will acquire a grocery-anchored property portfolio in the United States valued at US\$390 million.

MARKETS

S&P/TSX and U.S. equity futures are pointing to a mixed open Friday after the U.S. Federal Reserve signaled a resumption of full bank dividends.

CURRENCIES

The Canadian dollar is up 0.17 at 0.7945 (U.S.).

COMMODITIES

West Texas Intermediate crude oil rose 2% at \$59.74.

Gold slipped 0.2% to \$1,721.60 an ounce.

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

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