

Proactive Broker Wrap

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Gamestop top S&P 400 gainer as Wedbush wades in

GameStop Corp (NYSE:GME) shares may have led the gainers on the S&P Midcap 400 on Wednesday following well-received third quarter earnings, but a reiteration from broker Wedbush cannot have hindered the stock either.

The world's largest specialist video games retailer came up with the fourth straight quarter of positive earnings surprise, as it reported third-quarter fiscal 2016 results. The company recorded adjusted earnings per share of 49 cents in the quarter that beat the Zacks Consensus Estimate by a couple of cents, but declined 9.3% year over year. The company's earnings were in line with the revised guidance which was issued on Nov 2.

On the other hand, GameStop's revenues fell 2.8% year over year to \$1,959.2mln and missed the Zacks Consensus Estimate of \$1,973mln.

Nevertheless, while sounding cautionary notes on the stock, brokers at Wedbush reiterated a recommendation of Outperform on the stock and price target of \$30.

Noting the earnings beat and revenue miss Wedbush also added: "We expect modest earnings growth in FY:17 driven by the ramping of GameStop's emerging businesses and ongoing share repurchases."

GME was unfazed. Its shares were the highest S&P 400 gainer, of 8.3% to \$26.11 on Wednesday.

Meanwhile, Wedbush also maintained a Neutral recommendation and \$85 price target on Medtronic (NYSE:MDT) after second quarter earnings disappoint.

"We have maintained a cautious view on shares of MDT due to an increasingly competitive environment and more challenging yr/yr comparables in several of the company's important product segments," Wedbush said in a note.

Still a confident position given that management reduced its full year 2017 outlook. "The company now expects FY2017 comparable constant currency growth to be within the mid-single digit range versus the previously stated upper half of the mid-single digit range," Wedbush added.

Investors were inclined to agree, as Medtronic shares were up 3.1% at \$75.86.

Canacol Energy (TSE:CNE) was maintained as a Buy and price target \$7.00 by brokers at Mackie Research.

Mackie said it maintained the recommendation "on CNE's substantial natural gas production base sold under long-term contracts that provide a stable cash flow stream to fund the growth of the company."

Canacol shares were up 6.3% at C\$4.70 in Toronto.

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