



## These Top 2 TSX Stocks Soared More Than 40% Last Month

### Description

Despite still being in the red through 2018, the TSX Composite showed a modest gain in April, up 1.6% for the month and up 4.2% from its low during the first week.

Meanwhile, the energy sector has been red hot as of late with the price of West Texas Intermediate Crude (WTIC) now challenging the US\$70 mark only a few years after bottoming out at US\$26 per barrel in early 2016.

Nine years removed from the Great Recession, the North American economy is at, or at least near, full employment, and now with the U.S. approving a new tax bill late last year, many are starting to anticipate higher inflation.

That may not be welcome news considering the higher prices you'll likely find yourself paying for everyday household goods like food, clothing, and gasoline, but it would be welcome news for commodity producers and energy companies, as the prices of the raw materials those companies produce are typically linked to inflation.

That should hopefully help to explain why these two energy companies saw their stocks soar more than 40% last month.

**MEG Energy Corp.** ([TSX:MEG](#)) stock soared more than 40% last month, and the best part is that this stock may still have plenty of "run" left in it.

As recently as 2014, MEG was a stock that traded at US\$40, but when the price of oil started tanking, that led to the shelving of a lot of the company's ambitious growth plans.

Without the cash flow available to finance the required capital investment in growth projects, investors bailed on the company and its stock.

But now with oil prices recovering, some of those big projects start to become feasible again, and last month's outperformance is certainly reflective of that.

As long as oil continues on its current path, this is certainly a stock worth keeping an eye on.

Shares in **Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE) absolutely took off in April, starting the month at \$2.74 per share on the New York Stock Exchange and closing at \$4.52 for a whopper of a month and a 62% gain for the company's shareholders.

There is an old saying in finance: the more you risk, the more you stand to gain, and the performance of Baytex stock in April was a prime example of that.

That's because for a while, when the price of oil sat sub-US\$50, it wasn't clear if the company was going to have enough money coming in to pay the bills. In other words, back then there was a very real threat of bankruptcy for Baytex shareholders.

But those who were brave enough to stick with the company have now been handsomely rewarded for their Foolishness, which is [an important lesson](#) to remember next time you hear a company is "too risky."

### Bottom line

Recently, [a leading hedge fund manager](#) gave a speech at a conference that suggested the opportunity in energy stocks right now might be one of the single best investment ideas in the market today.

When the smart money speaks up, you owe it to yourself to pay careful attention.

As one of the hottest sectors through the first quarter of this year, the energy market may just turn out to be the winning trade of 2018.

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