



3 Stocks That Soared Yesterday

Description

Here at The Fool, we don't put too much weight on short-term price moves. As generally long-term investors, our goal is to highlight quality businesses that can build wealth over time.

With that said, it makes sense to take a close look at big one-day gainers. Why? Because the "pop" might just be a signal of more positive things to come.

So, with that in mind, here are three stocks that flew on Wednesday.

Construction climber

Our first big gainer is **North American Construction Group** ([TSX:NOA](#))([NYSE:NOA](#)), whose shares popped 10.7% yesterday. Over the past year, the construction and mining services specialist is up a whopping 160% versus just 15% for the S&P/TSX Industrials Index.

Sparking Wednesday's rally was the company's decision to acquire the heavy construction fleet of Aecon Group for \$199.1 million. North American Construction expects the transaction to generate over \$220 million of additional annual revenue capacity. More importantly, it expects the purchase to be accretive to EBITDA, free cash flow, and earnings in relatively short order.

It would be easy for shareholders to take profits off the table. But with management anticipating 2019 EPS could exceed \$1.60 — putting the stock's forward P/E at roughly seven — there could be plenty of upside left.

Resolute performance

The next winner on our list is **Resolute Forest Products** ([TSX:RFP](#))([NYSE:RFP](#)), which soared 8.8% on Wednesday. Over the past year, shares of wood products company have rocketed 176% versus just 2% for the S&P/TSX Composite Index.

Yesterday's rally was triggered by Resolute's sale of a South Carolina pulp and paper mill for about \$300 million — \$260 million in cash and the assumption of roughly \$40 million in balance sheet

liabilities. Management intends to use the proceeds from the sale to reduce debt and to “improve shareholder value.”

Even after yesterday’s rally, Resolute shares are off about 14% from their 52-week highs set in September and sport a paltry price-to-sales of 0.4. As long as you have a strong stomach — the stock is nearly three times as volatile as the overall market — the leaner and meaner Resolute is certainly [worth checking out](#).

Penned for outperformance

Our last winner is **Pengrowth Energy** (TSX:PGF), whose shares shot up 6.1% on Wednesday. Over the past month, shares of the small-cap oil and gas driller are up a solid 34% versus a loss of 1% for the S&P/TSX Capped Energy Index.

Yesterday’s rally in Pengrowth wasn’t driven by any company-specific news. Instead, it was lifted by the overall gain in the energy sector, as oil prices continued to strengthen.

While I wouldn’t bank on 6% pops on a daily basis, I expect the stock’s strong performance to continue. As my fellow Fool Matt Smith [wrote last month](#), near-term oil prices should remain firm. So, when you combine that bullish outlook with Pengrowth’s production forecast — 22,500-23,500 barrels a day for 2018, growing to 24,000 barrels daily by 2020 — the stock’s upside remains attractive.

Fool on.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:NOA (North American Construction Group Ltd.)
2. NYSE:RFP (Resolute Forest Products)
3. TSX:NOA (North American Construction Group Ltd.)
4. TSX:RFP (Resolute Forest Products)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/07/21

Date Created

2018/10/04

Author

bpacampara

default watermark

default watermark