

Buy Alert: Here Are 3 Stocks That Bay Street Just Upgraded

Description

Hello again, Fools. I'm back to highlight three stocks that have recently received upgrades from Bay Street. While it's always best to take Bay Street opinions with a grain of salt, newly upgraded stocks can often be a solid source of investment ideas.

Remember, it's the investment thesis behind the upgrade — not the rating itself — that is most important.

Without further ado, let's get to it.

Chorus of applause

First up, we have **Corus Entertainment** ([TSX:CJR.B](#)), which was upgraded by Cormark to buy from market perform early last week. Along with the upgrade, Cormark raised its price target on the stock to \$7 (from \$5.65), representing about 24% worth of upside from where it sits today.

Triggering the upgrade was upbeat Q1 results. While EPS missed estimates, revenue of \$467.5 million blew expectations out of the water, reigniting optimism over a prolonged turnaround.

"We returned to growth in television advertising revenue, driven primarily by a strong fall schedule and a significant improvement in television advertising demand," said Corus CEO Doug Murphy.

With the stock still down about 32% over the past year — versus a loss of 12% for the **S&P/TSX Capped Consumer Discretionary Index** — Cormark's bullishness makes sense.

Touch of gold

Next up is **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)), which **Goldman Sachs** upgraded to buy from neutral early last week. Along with the upgrade, Goldman raised its price target a touch to \$39 (from \$38), representing roughly 28% worth of upside from where the stock sits today.

Goldman analyst Matthew Korn cited "fresh areas of opportunity" within the North America metals and mining sector for the upgrade. Korn says that the recent downturn has left sentiment bearish and price multiples low, creating plenty of value in the space.

In addition to Teck Resources, Korn upgraded U.S. metal plays **Alcoa** and **Commercial Metals**.

Teck Resources remains off 17% over the past year — versus a loss of 14% for the **S&P/TSX Capped Materials Index** — and sports a paltry forward P/E 7.8.

Savoury selection

Rounding out our list is **Savaria** ([TSX:SIS](#)), which National Bank Financial upgraded to outperform from sector perform last Thursday. Along with the upgrade, National Bank boosted its price target on the stock to \$17 (from \$14.77), representing about 16% worth of upside from where the stock is now.

In November, Savaria's Q3 revenue rose 27% to a record \$15.1 million, gross margin expanded to 20%, and adjusted EBITDA climbed 29% to \$27.7 million. However, the stock has about 10% since then, prompting National Bank to get bullish on Savaria's now-inexpensive growth prospects.

The stock is now off 22% over the past year — versus a gain of 2% for the **S&P/TSX Capped Industrials Index** — and offers a decent dividend yield of 2.2%.

The bottom line

There you have it, Fools: three stock upgrades that are worth checking out.

As always, don't view them as formal recommendations. Instead, look at them as a starting point for further research. The track record of professional analysts is notoriously mixed, so plenty of due diligence is still necessary.

Fool on.

CATEGORY

- Investing

TICKERS GLOBAL

- NYSE:TECK (Teck Resources Limited)
- TSX:CJR.B (Corus Entertainment Inc.)
- TSX:SIS (Savaria Corporation)
- TSX:TECK.B (Teck Resources Limited)

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