

Top Buys From Bay Street: 3 New Upgrades You Need to Know About Now

Description

Hi, Fools. I'm back again to highlight three stocks that were recently upgraded by Bay Street. Although it's always best to take analyst opinions with a grain of salt, newly upgraded stocks can be a good source of buy ideas.

As I always tell regular readers, it's the investment thesis behind the rating — not the upgrade itself — that is most important.

So, without further ado, let's get to it.

Engineering gains

First up, we have **WSP Global** ([TSX:WSP](#)), which Desjardins Securities upgraded from hold to buy on Thursday. Along with the upgrade, Desjardins analyst Benoit Poirier maintained his price target of \$76, representing about 13% worth of upside to where the stock sits now.

Poirier believes WSP's recently unveiled strategic plan "should be achievable." The company's goal is to increase net revenue to \$8 billion-\$9 billion, while posting adjusted operating margins of 11.5%-12.5% over the next three years. Poirier says that WSP's exposure to the stability-providing public sector should serve it well in meeting those objectives.

WSP is already up 15% over the past month versus a gain of 7% for the **S&P/TSX Capped Industrials Index**. But when you couple a dividend yield of 2.3% with management's solid track record, there should be plenty of long-term upside to be had.

Mullen it over

Next up, we have **Mullen Group** ([TSX:MTL](#)), which Raymond James upgraded from market perform to outperform earlier today. Along with the upgrade, Raymond analyst Andrew Bradford maintained his price target of \$15.60, representing about 26% worth of upside from where it sits now.

Bradford thinks Mullen's current price presents a rare value-based opportunity. Specifically, he believes the pessimism surrounding Mullen's oilfield services is overblown, and expects LNG related pipeline stringing alone to raise 2020 EBITDA by 7%-8%. Moreover, he says that Mullen's trucking outlook will probably be more positive even amid a slowing economy.

Mullen shares are down 24% over the past six months — versus a loss of 24% for the **S&P/TSX Capped Energy Index** — and boast a juicy dividend yield of 4.5%. In other words, the risk/reward trade-off is certainly attractive.

Golden choice

Rounding out our list this week is **IAMGOLD** ([TSX:IMG](#))(NYSE:IMG), which was upgraded by Desjardins Securities from “hold” to “buy” earlier this week. Along with the upgrade, Desjardins analyst Josh Wolfson maintained his price target of \$6, representing roughly 24% worth of upside from where the stock sits now.

IAMGOLD recently announced that it will not proceed with the construction of its Ontario Cote Gold project, and Wolfson is very bullish on that decision. According to Wolfson, IAMGOLD now sits in a healthier position, as the project would’ve led to increased financial and development risks. In fact, Wolfson now sees the company’s liquidity position and steady production as key advantages over other gold stocks.

IAMGOLD remains down 32% over the past six months versus a loss 4% for the **S&P/TSX Capped Materials Index**.

The bottom line

There you have it, Fools: three newly upgraded stocks worth checking out.

As always, don’t view them as a bunch of formal recommendations. They’re simply ideas for further research. The track record of professional analysts is infamously mixed, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:IAG (IAMGOLD Corporation)
2. TSX:IMG (IAMGOLD Corporation)
3. TSX:MTL (Mullen Group Ltd.)
4. TSX:WSP (WSP Global)

PARTNER-FEEDS

1. Msn
2. Newscred
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