Nail Down $30,780 in Tax-Free Profits With These 3 Top Ideas from Bay Street

Description

Hi there, Fools. I'm back to call your attention to a few stocks that recently received "buy" ratings from Bay Street. While we should always take professional opinions with a healthy dose of skepticism, they can often be a good source of profitable ideas.

In fact, the average implied upside of today's calls — when factoring in the price targets — is a whopping 114%. So, in an average $27K TFSA account, that translates into a healthy $30,780 in pure tax-free profits.

Let's get to it, shall we?

Motor ahead

Leading off our list is auto parts supplier **Martinrea International** (TSX:MRE), which CIBC World Markets analyst Kevin Chiang upgraded to "outperform" from "neutral" on Monday. Along with the upgrade, Chiang set a price target of $17.50 on the stock, representing about 26% worth of upside from current prices.

Despite current challenges, Chiang sees a more favourable operating environment for Canadian auto companies in the second half of 2019. According to Chiang, Martinrea's consistency makes it a perfect play on that view.

"[D]espite the company posting consistent earnings growth, strengthening its balance sheet (leverage ratio is 1.45 times versus over two times three years ago), and accelerating its shareholder return program, it is trading significantly below its long-term average valuation," said Chiang.

Martinrea shares are up 7% so far in 2019.

Golden selection

Next up we have gold producer **Guyana Goldfields** (TSX:GUY), which Laurentian Bank Securities analyst Barry Allan initiated with a "buy" rating. Along with the call, Allan set a price target of $3.50 on the stock, representing a massive 280% worth of upside from current prices.

The stock has been beaten down over the past year on disappointing production and lower-than-expected ore grades, but Allan thinks it's now too cheap to pass up.

"Compared to a peer group of junior gold producers, GUY trades at a heavily discounted share price relative to the underlying NAV [net asset value]," said Allan. "Our conclusion is that GUY is not broken and that the risks are manageable, offering investors with a very interesting value proposition at current market price."

Guyana shares are down a hefty 43% so far in 2019.

Constructing a case

Rounding out our list is construction and mining contractor **North American Construction Group** (TSX:NOA)(NYSE:NOA), which CIBC World Markets analyst Daine Biluk initiated with an "outperformer" rating on Wednesday. Along with the call, Biluk planted a price target of $23 on the stock, representing about 35% worth of upside from the current price.

Despite all the turbulence in the Canadian energy industry, Biluk says that NACG occupies a strong position in the space. Moreover, he believes the company's current valuation is highly attractive given its strong fundamentals.

According to Biluk, NACG's price multiples "represent significant value for a company generating healthy ROE metrics and with solid visibility towards future activity given its current backlog that is nearly four times the revenue NACG generated in 2018."

NACG shares are up 40% in 2019.

The bottom line

There you have it, Fools: three new "buy stocks" from Bay Street that you might want to check out.

As always, they aren't formal recommendations. View them, instead, as a starting point for more homework. The long-term track record of professional analysts is mixed, so plenty of due diligence on your part is still required.

Fool on.

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1. Investing

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1. NYSE:NOA (North American Construction Group Ltd.)

2. TSX:MRE (Martinrea International Inc.)
3. TSX:NOA (North American Construction Group Ltd.)

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