“Strong Buy” Alert: Earn $11,780 in Pure Profit With These 3 Fresh Upgrades

Description

Hi there, Fools. I’m back to highlight three stocks that recently received “buy” ratings from Bay Street. While we should always take analyst opinions with a grain of salt, they can often be a solid source of profitable ideas.

In fact, the average implied upside of today’s stocks — when factoring in analyst price targets — is 43%. So, in an average $27K TFSA account, that translates into a healthy $11,610 in pure tax-free profits.

Let’s get to it.

Mull it over

Leading off our list is energy services company **Mullen Group** (TSX:MTL), which Raymond James analyst Andrew Bradford upgraded to “strong buy” from “outperform” on Wednesday. Bradford also planted a price target of $12.50 on the stock, representing about 22% worth of upside from current prices.

According to Bradford, Mullen’s stock pullback over the past few weeks presents an opportunity to “back up the truck.” Bradford thinks the shares are especially attractive given the fact that Mullen’s pre-tax profit has actually been improving over the past year.

“The irony arises out of the fact that Mullen’s EBITDA has been trending upward for the last four quarters and has done so with high capital efficiency,” wrote Bradford.

Mullen shares are down about 19% in 2019 and currently offer a healthy dividend yield of 5.5%.

Crude statement

Next up we have crude oil infrastructure company **Gibson Energy** (TSX:GEI), which Raymond James analyst Chris Cox upgraded to “outperform” from “market perform” on Wednesday. Cox maintained his $25 price target for the shares, representing about 14% worth of upside from current prices.

According to Cox, Gibson’s recent sell-off has created an attractive entry point for investors. Cox cites Gibson’s combination of a solid balance sheet, low payout ratio, and fully funded growth outlook for his bullishness.

“With the stock trading at a 1.3-times discount to peers on 2020 EBITDA, we see a compelling risk-reward opportunity to the name,” said Cox, “and believe the recent sell-off (underperforming peers by 7.5% since the highs in late-April) has created a compelling entry point.”

Gibson shares are down 19% in 2019 and boast a juicy yield of 5.5%.

Paramount importance

Rounding out our list is energy producer **Paramount Resources** (TSX:POU), which Raymond James analyst Kurt Molnar upgraded to “strong buy” from “outperform” on Thursday. Molnar also upped his price target to $17.50 (from $17), representing a whopping 94% worth of upside from current prices.

Molnar says Paramount’s strong quarter on Wednesday — production of 81,296 boe/day — is a sign of good things to come. According to Molnar, both the company’s top and bottom line are on track for significant improvement in 2019.

“The revenue line would gain with higher condensate and less gas, operating costs would be reduced as the fee function is a question of gas volumes and the plant capacity … would ‘last longer/cover more future growth’ if the amount of gas in the produced stream is a materially lower percentage,” said Molnar.

Paramount shares are up 24% in 2019.

The bottom line

There you have it, Fools: three new “buy stocks” from Bay Street that you might want to look into further.

As always, they aren’t meant to be formal recommendations. View them instead as a starting point for more research. The long-term track record of professional analysts is mixed, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:GEI (Gibson Energy Inc.)
2. TSX:MTL (Mullen Group Ltd.)
3. TSX:POU (Paramount Resources Ltd.)

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