



## Buy Report Update: The Average Upside on These 3 Top Stocks Is Now 37%

### Description

Hello again, Fools. I'm back to highlight three stocks that have recently [received bullish mentions on Bay Street](#). While we should always take professional 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 36.7%. So, in an average [\\$27K TFSA account](#), that translates into a healthy \$9,720 in pure tax-free profits.

Let's get to it.

### Natural selection

Leading off our list is oil and gas gorilla **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), which Credit Suisse analyst Manav Gupta maintained with an “outperform” rating on Tuesday. Gupta also kept its price target of \$50 per share, representing about 44% worth of upside from current prices.

Big oil stocks have pulled back sharply in recent weeks, but Gupta believes that high-beta energy plays provide attractive upside. According to Gupta, Canadian Natural is in an especially favourable position to take advantage of narrower differentials.

“With Horizon all in cost at \$15 per barrel, CNQ is best positioned to benefit from lower diffs,” wrote Gupta in a note to investors. “Suncrude-WTI discount blew out to \$30/bbl in November 2018, but QTD Suncrude has traded at \$0.48/bbl premium to WTI, a major tailwind for CNQ (70% light crude).”

Canadian Natural shares are down 17% over the past month.

### More positive energy

Next up on our list is yet another oil giant **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)), which Gupta also

reiterated with an “outperform” rating. Gupta stuck by his price target of \$17 per share on Cenovus, representing a whopping 55% worth of upside from current levels.

Just like Canadian Natural, Gupta believes that Cenovus’s high beta makes the stock an attractive value. Specifically, he thinks the company’s oil sands exposure puts it in a rather strong position over the short term.

“In 1Q19 CVE reported oil sands EBIT of \$467 million vs. loss of \$496 million in 4Q18 (the highest positive quarter-over-quarter rate of change),” wrote Gupta. “Given volumes are guided up 3.5% quarter over quarter and crude prices are up 5% quarter to date, CVE’s oil sands business should deliver another strong quarter.”

Cenovus shares have plunged 21% over the past month.

## Bet your bottom dollar

Rounding out our list is discount retailer **Dollarama** ([TSX:DOL](#)), which Wells Fargo Securities analyst Edward Kelly upgraded to “outperform” from “market perform” on Tuesday. Along with the upgrade, Kelly raised his price target on the stock to \$48 per share, representing 11% worth of upside from current prices.

Dollarama has struggled over the past year amid a tough retail environment, but Kelly thinks the company remains fundamentally sound and has solid upside potential. In the most recent quarter, Dollarama managed to increase revenue 13% year over year with same-store sales growing 2.6%, suggesting that management is turning the ship around.

“Valuation has pulled back to a more reasonable level for this historically expensive name,” wrote Kelly in a note to investors.

Dollarama shares are up 7% over the past month.

## The bottom line

There you have it, Fools: three bullish opinions on 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.

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1. Investing

### POST TAG

1. Editor's Choice

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2. NYSE:CVE (Cenovus Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:DOL (Dollarama Inc.)

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