



Why These Stocks Are Beating the TSX Index on Thursday

Description

On Thursday, the Canadian stocks turned negative following the lead of the U.S. stock markets. Despite opening on a slightly positive note, the **S&P500 index** turned negative even after better-than-expected weekly U.S. unemployment data.

According to the latest data released by the U.S. Department of Labor, nearly 1.31 million people applied to avail unemployment benefits in the week ended July 4. Wall Street was expecting unemployment claims to be near 1.8 million for the week. At 11 AM ET, the **S&P/TSX Composite Index** was down by 1.4%, while the S&P500 benchmark was trading with over 1.5% losses for the day.

Key factors hurting the U.S. and Canada markets

In the last 10 days, the S&P500 index had registered 3.9% gains — primarily due to a rally in tech companies like **Apple** and **Microsoft**. During the same period, the TSX Composite benchmark saw a minor 0.4% rise. Overall, I didn't find any major fundamental reason to support the recent sharp rally in U.S. stocks.

Apart from heightened volatility due to the ongoing pandemic, investors' fears about worse-than-expected second-quarter earnings season could be driving stocks down today. However, not all TSX stocks are trading on a negative note. Let's take a look at two such Canadian companies that seem to be beating the broader market today.

Ballard Power Systems rose over 3% this morning

Ballard Power Systems ([TSX:BLDP](#))([NASDAQ:BLDP](#)) stock rose by over 3% this morning before giving up some of these gains by the afternoon. It is a Burnaby-based proton exchange membrane fuel cell designer and manufacturer. The company currently has a market cap of nearly \$6.6 billion.

Last week, Ballard Power [received](#) an order worth US\$7.7 million for membrane electrode assemblies from China-based Guangdong Synergy Ballard Hydrogen Power. Ballard Power already owns a nearly

10% stake in the Chinese Synergy-Ballard joint venture.

It is important to note that China is Ballard's largest market by revenue, as it made nearly 53% of its total 2019 revenue from the country. In China, the company's advanced fuel cell technology is already being used in over 650 fuel cell electric buses and more than 2,200 fuel cell trucks. This could be the reason why this new order from China cheered investors.

Alimentation Couche-Tard also rallied over 3%

In the early afternoon on Thursday, the shares of **Alimentation Couche-Tard** (TSX:ATD.B) — the Canadian convenience store company — also rose by more than 3%. On July 7, fellow fool Joey Frenette in his article, [highlighted why its stock could be a great buy](#) for the long term.

Earlier this week, Couche-Tard and **Crossamerica Partners** agreed to pay US\$3.5 million civil penalties to the U.S. Federal Trade Commission for violating a 2018 order.

On the positive side, Couche-Tard announced its better-than-expected fourth-quarter earnings last week. In Q4 of fiscal 2020, its earnings rose by about 81% to US\$0.47 per share — higher than Bay Street's expectation of US\$0.43 per share.

During the quarter, Couche-Tard's net profitability also significantly improved. In the last quarter, the company's adjusted net profit stood at US\$521 million, with 76.6% year-over-year growth. As a result, its bottom-line margin also expanded to 5.4%, as compared to just 2.3% a year ago. This is the reason why Couche-Tard stock has surged by nearly 5% in the last 10 days — excluding today's gains.

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