Got $1,000? Consider These 3 TSX Stocks Amid the Market Rally

Description

TSX stocks at large continued to soar higher, despite the recent acceleration of coronavirus cases. While economies are gradually stabilizing after the deep wound in the last quarter, a full recovery might take time. Investors can consider re-balancing their portfolios with an increased focus on crash-resilient stocks. I will cover three such TSX stocks that might outperform in market downturns.

Waste Connections

A $35 billion **Waste Connections** (TSX:WCN)(NYSE:WCN) is an integrated waste management services company. It reported fairly strong earnings growth in a relatively slow-growing industry in the last few years.

Waste Connections aggressively expanded its market share, mainly driven by its inorganic growth in rural markets. Its recession-resilient cash flows make it a relatively secure bet amid this COVID-19 pandemic situation.

Waste Connections stock has been quite consistent, soaring more than 200% in the last five years. This year as well, it has increased by 14%, notably outperforming the **TSX Index**.

Notably, the stock looks expensive after its recent rally. However, its non-cyclical nature of business and earnings stability make it an attractive bet for long-term investors.

CAE

Aviation is one of the hardest-hit sectors amid the pandemic. Though **CAE** (TSX:CAE)(NYSE:CAE) is not a pure-play airline company, the stock has exhibited a similar weakness recently. CAE shares have cratered 50% amid the pandemic and have been slow to recover.

CAE develops simulation technologies for civil aviation, defence, and healthcare verticals. It generates approximately 45% of revenues from the healthcare and defence segments and the rest from the aviation.

Though aviation forms the larger part of its consolidated revenues, contributions from the defence and healthcare segments will play a crucial role in CAE's recovery.

CAE stock looks fairly valued at the moment after exhibiting a renewed weakness since last month. Notably, CAE is a better bet in the aviation and allied industries due to its attractive valuation and diversified earnings base.

Boralex

Investors can consider renewables power player **Boralex** (TSX:BLX) in the current market scenario. It is a $3 billion company that generates power from wind, solar, hydropower, and thermal, primarily in Canada and France.

It has managed to double its capacity in the last five years and currently operates more than 2,000 megawatts. Its counterparties include EDF, Hydro Quebec, etc., which have solid financial positions. Interestingly, ageing nuclear power plants, mainly in France, offer strong growth potential for Boralex due to its large presence.

Boralex has managed decent revenue growth of an average of 15% in the last three years. However, it reported a loss in 2018 and 2019. Its recent capacity additions should accelerate its earnings growth in the next few years.

Boralex stock has soared almost 30% so far this year. It was relatively faster to recover after the COVID-19 market crash and is currently trading at its all-time high.

The stock looks expensive from the valuation standpoint at the moment. Conservative investors can wait for a pullback. But those who believe renewables will gain significant ground in the next few years can consider Boralex for its solid long-term potential.

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2. NYSE:WCN (Waste Connections)
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Date
2025/08/17
Date Created
2020/07/13
Author
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