



Top TSX Gainers on August 4: Should You Buy Them?

Description

On August 4, the Canadian stock market benchmark turned positive after losing 0.8% on Monday. At 11:30 AM, the **S&P/TSX Composite Index** was trading with about 1% gains for the day. Today's rally was primarily driven by sharp gains in the [energy sector](#) as well as some stocks from other industries such as tech and pharmaceutical.

Let's take a quick look at Tuesday's top TSX index movers and find out what's driving their gains.

Lightspeed led the TSX index rally

Today, the shares of **Lightspeed POS** ([TSX:LSPD](#)) — the Montréal-based software company — rose by over 10%. Investors' high expectations from the company's first-quarter earnings report could be the primary factor driving its stock higher.

Lightspeed will announce its Q1 fiscal 2021 results on August 6. Bay Street analysts' consensus estimates suggest a 29.5% year-over-year (YoY) rise in its total revenue to US\$31.2 million in Q1. Despite the ongoing pandemic, the company is expected to report an improved net loss of US\$0.10 per share.

It would be lower as compared to its adjusted net loss of US\$0.21 and US\$ 0.11 per share in fiscal Q4 2020 and Q1 2020, respectively.

In the quarter ended March 2020, Lightspeed reported a 70% rise in its revenue, and its gross profit surged up by 58% YoY. While the company has not given any clear guidance for its quarter ended in June 2020, the initial sales trends pointed toward the rising demand for Lightspeed's software solutions in April.

These positive trends — if sustained — will boost the company's sales in Q1. These expectations seem to be driving a rally in its stock today.

These energy stocks are rallying

From the energy sector, **ARC Resources** ([TSX:ARX](#)) and **Seven Generations Energy** (TSX:VII) were leading the rally on Tuesday. The shares of both companies surged up by over 8% this morning after receiving a target price upgrade from multiple equity research firms and investment banks.

While **BMO** raised its target price on Seven Generations Energy's stock from \$4.50 to \$5 per share, **CIBC's** equity research arm raised it from \$4.75 to \$5.5.

Similarly, BMO, **RBC**, **Scotiabank**, and some other research firms raised their target price on ARC Resources' stock last week — after reporting better-than-expected second-quarter results on July 30.

Earlier today, The Petroleum Services Association of Canada [cut](#) its 2020 Canadian oil drilling forecast for the third time. This could be another reason driving a rally in energy stocks today.

Which stock should you buy?

In the first half of 2020, the COVID-19 related closures took a big toll on many industries, including oil, automobile, and industrials. While the situation has slightly improved in the last couple of months, the pandemic-related uncertainties could continue to haunt investors in the second half of 2020 as well.

This is the reason why I would recommend you to avoid making a fresh long position in most of the stocks from these industries right now.

While many tech companies have witnessed the pandemic related tailwinds in the last quarter, their stocks have already rallied to their record highs. That's why you must strictly follow risk management strategies while buying any of these tech stocks right now.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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