



Buy Alert: 2 TSX Stocks That Are Gaining Momentum Right Now!

Description

As the world emerges from the throes of a severe lockdown, sectors that have been hit the most, like energy and construction, will see a rapid increase in productivity compared to the second quarter of the year. Smart investors would do well to start accumulating stocks with good fundamentals and proven track records in these spaces.

An engineering and construction giant

Badger Daylighting (TSX:BAD) operates in the engineering and construction space. Despite the impact of the pandemic on its business, its second-quarter revenue of \$134.5 million was 83% of what the company achieved in the same period in a COVID-free 2019, and its early estimates say that revenue for the third quarter is expected to be between 85% and 90% of the figures it achieved in Q3 2019. This is a testament to the durability of its business model.

Despite lower revenue, Badger's gross margins improved to 34.5%, or \$46.4 million, compared to 31.4%, or \$50.6 million, in the same period in 2019. A lower-cost structure combined with returning activity levels will mean Badger should be comfortably placed for the second half of 2020.

"While economic uncertainty remains, work that existed prior to the COVID-19 related shutdowns will be completed as the economy transitions towards more normalized activity levels in the future. We believe that heightened safety awareness will be a societal by-product of this crisis, further supporting demand for Badger's services. We have not seen anything to change our view of the long-term market opportunity for non-destructive excavation," said Paul Vanderberg, president and CEO.

An energy play on the TSX

Tourmaline Oil (TSX:TOU) is another contrarian bet to take in 2020 but I am positive that the company will make it worthwhile for investors. On the face of it, Tourmaline shouldn't be on most investment radars. After all, the stock has fallen 58% over the last five years.

However, the company is the largest producer of natural gas in Canada, and gas prices have been suffering for the last five years. Companies like Tourmaline that have figured how to survive in this environment have emerged stronger.

The massive fall in the production of oil could be a blessing for Tourmaline. As the world was hit by the oil crisis thanks to Saudi Arabia and Russia, plus the COVID-19 pandemic, it resulted in a shortage of natural gas and gas-based products.

To put it simply, a bad scenario for oil is a good scenario for gas companies. As winter gets closer, and world economies start opening up slowly, it is not unreasonable to expect that gas companies will reap its benefits. As natural gas prices inch higher, Tourmaline stocks will reward its investors.

Bottom line

[I had written](#) about both these stocks in the middle of July, recommending that investors buy them as the world began to open up after a grueling second quarter where most businesses closed shop temporarily. Both of them have moved up since then, with Badger gaining just over 25% and Tourmaline shooting up by almost 35%.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:TOU (Tourmaline Oil Corp.)

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