



2 Top TSX Stocks Popped Up to 10% Yesterday: More Upside Coming?

Description

Spin Master ([TSX:TOY](#)) and **Birchcliff Energy** ([TSX:BIR](#)) were some of the top-performing **TSX** stocks yesterday, appreciating 10% and 8%, respectively, higher. Is more upside coming?

First of all, it's important to note that both stocks were severely punished during the March market crash that was triggered by the novel coronavirus pandemic.

Spin Master stock lost as much as 75% of its market cap from peak to trough, while Birchcliff stock lost as much as 80%. They have recovered remarkably from their lows but are still more than 20% lower from the start of the year before the pandemic impacts.



Data by YCharts. Year-to-date price action of Spin Master and Birchcliff.

Can Spin Master stock spin higher?

Spin Master is a children's entertainment company with a diversified portfolio of toys, games, entertainment properties, and digital apps.

The stock has recovered a fair amount from the crash — a triple from the bottom. It tends to experience seasonal strength through late November in anticipation of the upcoming holiday sale. This may be why there has been renewed interest in the stock with a high-volume pop yesterday. If it follows its usual trend, the stock can head higher over the next month.

Longer term, there's more to be excited about the company as well. Spin Master, in association with Nickelodeon Movies and Paramount Pictures, is producing an animated movie for its popular entertainment franchise, *PAW Patrol*, which is scheduled to appear in theatres next year on August 20. Currently, the award-winning preschool series airs in 30 languages, in more than 160 countries.

Spin Master has a current ratio of 1.4 times to meet its short-term obligations over the next year. It also has a healthy Altman Z-score of 3.6, which suggests the company has a solid financial position.

Patient investors might [consider Spin Master](#), which can appreciate another 50% to return to its normalized levels over the next couple of years.

Can this energy stock burst higher?

Birchcliff Energy is an oil and gas producer with a 24% weight in oil and natural gas liquids and a 76% weight in natural gas. It's a cyclical name that has done poorly this year along with other oil and gas producers.

As commodity prices are lower, its production levels are expected to be roughly flat this year with marginal growth of about 1.3% against 2019 based on the company's midpoint estimate.

The stock trades at a cyclical low. It estimates adjusted funds flow of \$185 million this year. Although it reduced its finding and development capital spending by about 19% to be in the \$285 million range, its adjusted funds flow won't be able to cover it. However, its adjusted funds flow will improve, as commodity prices cooperate in the future and the company continues to reduce operating costs.

The [energy stock](#) tends to experience seasonal strength going into the winter months, in anticipation of greater gas usage.

Analysts have an average 12-month price target of \$2.53 per share on the stock, which represents near-term upside potential of 24%.

Birchcliff believes that the fair value of the stock is \$6.15 per share. This means the energy stock can potentially triple from current levels over the longer term.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BIR (Birchcliff Energy Ltd.)
2. TSX:TOY (Spin Master)

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