



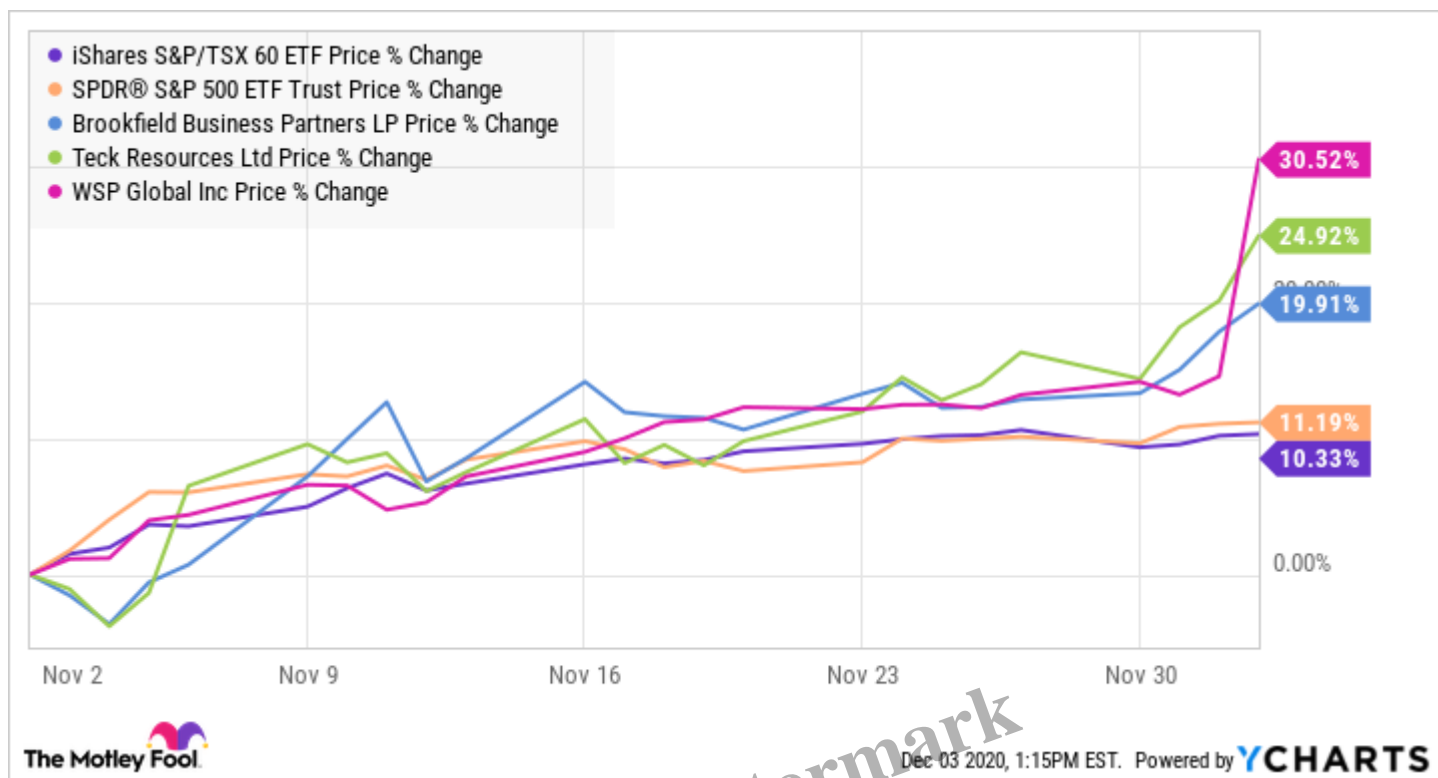
Market Rally: Money Is Flowing Into These 3 Stocks

Description

It seems the investing community has forgotten about the March market crash. There's a market rally happening in these cyclical stocks.

If you're seeking investments with decent balance sheets and stock momentum, you should take a closer look at these names.

Here's how the stocks fared against the North American market benchmarks over the last month. In the lead is **WSP Global** ([TSX:WSP](#)), which is up 30%, followed by **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)), which is up 25%. Lastly, is **Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)), which has climbed 20%. All of them are outrunning the markets.



Data by YCharts. The price action of WSP Global, Teck Resources, and Brookfield Business Partners stocks over the last month.

WSP Global

WSP Global stock fell 37% from peak to trough in the market crash at the start of the year. It proved to be more resilient than the other two companies discussed.

Its quality also shines through with the swift recovery of its stock. It recovered much of its market value within six weeks. From there, the stock consolidated about seven months before breaking out today.

The latest pop of about 14% had to do with it announcing the \$1.5 billion acquisition of Golder Associates, which will position it as one of the world's leading environmental consulting firms.

Pro-forma, earth sciences and environmental consulting services will represent 25% of WSP Global's revenue. The acquisition also boosts its adjusted EBITDA margin and creates cross-selling opportunities.

Teck Resources

Teck Resources stock was already in a downtrend in 2019. At the time, there were worries about the Chinese demands for its products, as there was a trade war between China and the United States, while China is a key customer for Teck's commodities.

The economic shutdowns that occurred in Q2 further threw the company off track. And the stock fell more than 60% from peak to trough in the 2020 market crash.

The reopening of economies and positive vaccine news have continued to fuel the recovery in the stock. Since the March low, the market has essentially steadily bid up the stock.

Teck Resources has an investment-grade S&P credit rating of BBB-. Its decent balance sheet should help cushion any potential setbacks.

Brookfield Business Partners

During the March market crash, Brookfield Business Partners was hit hard, falling more than 50% from peak to trough within a month. However, if you had confidence in its management, **Brookfield Asset Management**, which still owns a massive share of the company, you could have accumulated the cheap shares.

The cyclical stock came back, though it took eight months for the consolidation phase to complete before it broke out. The stock is up about 78% from a low.

However, investors could have chosen to wait for a safer entry point after it has consolidated for some time. For example, they could have gotten in at about \$42.50 per share for surer gains. The stock has appreciated more than 15% from that level.

In the last few months, BBU saw resiliency in its business, as its operations recovered from economic shutdowns. The company ended Q3 with strong liquidity of US\$2.2 billion, which it can use to fund its business growth along with cash generated from its operations or potential proceeds from business sales.

The Foolish takeaway

Investors should aim to buy quality cyclical stocks when they're not wanted. The ship might already have [sailed](#) for WSP Global, Teck Resources, and Brookfield Business Partners.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BBU (Brookfield Business Partners L.P.)
2. NYSE:TECK (Teck Resources Limited)
3. TSX:BBU.UN (Brookfield Business Partners)
4. TSX:TECK.B (Teck Resources Limited)
5. TSX:WSP (WSP Global)

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