2021 Stock Market Rally: 1 Must-Buy Stock and 1 to Avoid

Description

The Toronto Stock Exchange seems unmindful of the Delta variant threat. Canada's primary equities index topped 25,500 on August 11, 2021, to push its year-to-date gain to nearly 18%. The energy sector advanced following news that oil prices are rising. Craig Jerusalim, portfolio manager at **CIBC** Asset Management, noted the short attention span of the market.

Jerusalim said, "One moment it's worried about the Delta variant, the next it's worried about higher interest rates, so it's the latter concern right now that seems to be weighing on tech specifically." Tech superstar **Shopify** dropped 2.87% to lead decliners.

With the TSX maintaining its upward momentum, more buying opportunities are emerging. Among the screaming buys is **WELL Health Technologies** (TSX:WELL). The growth stock is due for a breakout based on analysts' forecasts and could deliver massive gains. Unfortunately, the same can't be said for **Bausch Health** (TSX:BHC)(NYSE:BHC), despite the credible performance thus far in 2021.

Screaming buy

Market analysts recommend a strong buy rating for WELL Health, notwithstanding the underperformance (-5.34% year to date). At $7.62 per share, the trailing one-year price return is 76.8%. The forecast is a return potential of 54.46%, or a 12-month average target of $11.77. However, the price could hit the maximum target of $13.50 (+77.17%).

The $1.55 billion company from Vancouver has two core business segments: clinic and digital. WELL owns and operates medical care facilities. Its network of primary care clinics is the largest single chain in British Columbia. The other segment is the electronic medical records (EMR), which supports medical clinics, doctors, and patients.

WELL's business is thriving; notably, software & services posted a 345% increase in quarterly revenue for Q1 2021 versus Q1 2020. In the same quarter, total revenue climbed 150% year over year — a record high. WELL's ongoing concern is to modernize Canada's healthcare system.

According to management, the purchase of MyHealth Partners in July 2021 was a foundational acquisition. WELL is now the country's largest outpatient medical clinic owner-operator and leading multi-disciplinary telehealth service provider. The company will have more focus on consolidating and modernizing clinical and digital assets within the healthcare sector.

Advancing the pipeline

Bausch Health had a strong momentum at the start of the year. As of August 11, 2021, the share price is $33.58 — a 27.15% year-to-date gain. Market analysts aren't bullish on this healthcare stock. Their 12-month average target is $32.82 — a 2.26% slide from the current share price. Still, the forecasts could be wrong.

The $12.05 billion Laval-based company develops, manufactures, and markets a range of pharmaceutical, medical device, and over-the-counter (OTC) products. Bausch's concentration is in the therapeutic areas of eye health, gastroenterology, and dermatology.

In Q1 2021, Bausch reported a 1% increase in revenue versus Q1 2020. However, net loss expanded 301.32% to $610 million from $152 million in the same period last year. However, the company generated $443 million from operations, or 143.41% more than in Q1 2020.

Joseph C. Papa, chairman and CEO of Bausch Health, said, "Our business is generating strong cash flow, many of our leading products have increased market share in key markets, and we are advancing our pipeline."

The better buy today

WELL Health has massive growth potentials compared to Bausch Health, and therefore, it's a better buy today. It made the right moves recently to achieve its primary objectives. Bausch must reduce its high debt level, some market analysts say.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Investing

Date
2025/07/19
Date Created
2021/08/13
Author
cliew