



3 TSX Stocks I'd Buy Ahead of the 4th Quarter

Description

As we approach the fourth quarter, several companies listed on the TSX could witness a bump in demand for their products and services. I expect the elevated demand to drive their financials in the fourth quarter and, in turn, support the uptrend in the stock price.

Here's my list of three TSX stocks that I believe could get a significant boost from the increased demand.

Cargojet

Cargojet's ([TSX:CJT](#)) business is seasonal, and the company witnesses strong demand for its offerings during the fourth quarter. Notably, the momentum in its stock has begun, reflected through a 20% rise in its price in the last three months. Despite the growth, Cargojet stock is still trading well below its 52-week high of \$250.01 and presents a good buying opportunity.

I believe the air cargo company's strong domestic network and next-day delivery capabilities to more than 90% of the Canadian population provide a strong competitive advantage and position it well to capitalize on the increased demand. I expect Cargojet's leadership position in the domestic market, solid e-commerce volumes, and international growth opportunities to significantly boost its financials and, in turn, [its stock](#). Also, its long-term customer contracts, favourable mix, and fuel-efficient fleet augur well for future growth.

Lightspeed Commerce

With the upcoming holiday season, the spending on e-commerce platforms will likely increase in the fourth quarter, providing a solid base for growth in companies enabling digital commerce, including **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). Further, the ongoing migration in selling models towards omnichannel platforms could accelerate demand for Lightspeed's products and offerings.

I believe recent acquisitions, increase in customer base, and expansion in high-growth markets and verticals positions Lightspeed well to capitalize on the secular industry trends. Meanwhile, its multiple growth vectors, including large addressable market, new modules, and up-selling opportunities,

strengthen my [bullish outlook](#). Overall, Lightspeed's diverse merchant base, consistent GTV (gross transaction volume) growth, and strong recurring subscription and transaction-based revenues suggest that it could deliver stellar returns in the coming quarters and beat the broader market with its returns.

Spin Master

Children's entertainment company **Spin Master** ([TSX:TOY](#)) is another solid bet to benefit from the increased demand during the fourth quarter. Notably, Spin Master generates the majority of its net income and cash flows during the third and fourth quarters, as most of its gross product sales occur during the same period. Its stock has bounced back strongly from its pandemic lows, and I expect the uptrend to sustain.

Spin Master's strong innovation and robust product pipeline strengthen its competitive positioning. Furthermore, its focus on driving sales in the developing and emerging markets augur well for future growth in the toys segment. Its digital games and entertainment and licensing revenues remain strong and continue to support margins. Meanwhile, its growing subscription user base in the digital games segment is encouraging. Spin Master's focus on cost reduction and favourable product mix will likely support its margins. Moreover, its strengthened balance sheet and solid free cash flows will likely support its growth initiatives.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CJT (Cargojet Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:TOY (Spin Master)

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