



## 5 U.S. Stocks That Have Crushed the Market This Year

### Description

This article [was first published on Fool.com](#).

With the **S&P 500** down by about 20% in 2022, it isn't so easy to find stocks that are in positive territory for the year. That said, there are areas of strength, even in this market. Oil equipment and services company **Baker Hughes** ([NASDAQ:BKR](#)), aviation services specialist **AAR** ([NYSE:AIR](#)), advanced composites maker **Hexcel** ([NYSE:HXL](#)), and aerospace and defense giant **Raytheon Technologies** ([NYSE:RTX](#)), and electrical products manufacturer **Hubbell** ([NYSE:HUBB](#)) are all up this year. Let's consider why, and whether they are still good buys from here.

### Baker Hughes can play catchup

Though Baker Hughes stock is up by 3% this year, it has significantly underperformed its key peers, **Schlumberger** and **Halliburton**. The strong results that oil services and equipment players are delivering all come down to the stubbornly high price of oil — benchmark West Texas Intermediate crude is still over \$83 a barrel despite widespread fears that a recession is coming.

The relative underperformance of Baker Hughes shares can be blamed on a couple of disappointing earnings reports that were characterized by charges related to its activities in Russia and supply chain difficulties in securing components. However, those issues shouldn't be recurring and management has already launched a restructuring plan intended to cut costs by \$150 million annually. As such, it has an opportunity to catch up to the margins generated by its peers.

Its end market backdrop remains positive, and all three [oil services companies](#) discussed here have recently reported strong results. The price of oil remains high, there's a need to catch up on years of underinvestment in the oil and natural gas industry, and management has an opportunity to restructure the company for growth by cutting costs. It's a lot easier to restructure a company when end markets are favorable, and Baker Hughes's stock has room to run as it does so.

## AAR is enjoying a recovery in commercial aviation

AAR is also operating in favorable end markets. While the aviation industry has long been understood to be highly [cyclical](#), and rightly so, this cycle is somewhat different. Due to the unique nature of an artificially induced slowdown in the sector (caused, of course, by the pandemic's lockdowns and social distancing efforts), the weakness that the commercial aerospace sector experienced in 2020 and 2021 did not correlate with its usual position in the economy.

Now, we still have a significant way to go before commercial flight departures recover to 2019 levels. Therefore, flight departures — and demand for AAR's aviation services and airline operational support — could keep growing even if the broader economy slows.

AAR has also had to work hard to offset the loss of work related to the U.S. military's exit from Afghanistan. Still, its sales to commercial customers were up 10% in its fiscal 2023 first quarter (which ended Aug. 31), and Wall Street analysts' consensus expectation is for mid-single-digit percentage growth overall for the next few years.

## Hexcel will benefit from increased aircraft production

Advanced composites manufacturer Hexcel has had a strong year as investors have warmed to the ongoing recovery in the commercial aerospace sector. Hexcel's composites have weight and strength advantages over traditional metals and are used in greater quantities on newer planes. As such, when aircraft manufacturers like **Airbus** and **Boeing** can ramp their production back up (which both are aggressively trying to do), Hexcel's top line should grow.

In addition, newer model planes contain greater percentages of Hexcel's composites, so its aerospace-focused revenues could still grow significantly even if (for example) the same number of aircraft is produced in 2024 as was produced in 2019. Given the recovery in airline profitability and the backlogs at Boeing and Airbus, Hexcel has a long pathway of growth ahead.

## Raytheon Technologies' aerospace and defense markets look good

We've now covered what the recovering commercial aerospace market is doing for AAR and how Hexcel's sales to original equipment manufacturers (OEMs) will take off as aircraft production increases. Both of those arguments also apply to Raytheon Technologies, which manufactures aftermarket and OEM equipment. A true aviation giant, Raytheon sells everything from seats and cabins to avionics and aircraft engines.

The other half of the company sells defense equipment, including high-profile gear being used in the combat theater in Ukraine. Given the increased emphasis on military spending globally and the need for militaries to replace the equipment getting used in the conflict, Raytheon's management feels confident enough to predict growth in the mid-to-high-single-digit percentages for its defense business annually through 2025. As such, both its end markets can be expected to grow solidly over the medium

term.

## Hubbell's electrifying performance

Hubbell raised its full-year revenue and earnings guidance during its second-quarter earnings presentation in July on the back of a better-than-expected first half. It's a testimony to the strength of the underlying demand for the manufacturer's solutions. Hubbell sells electrical products, meters, and fittings into the utility market, and is benefiting from the need for spending on transmission and distribution. That's a solid market, where its sales will be driven by utilities' need to upgrade infrastructure, as well as the increasing complexity of the grid as renewables become more significant contributors of energy.

Its electrical solutions segment sells into the commercial, industrial, and residential markets. That too is an attractive space thanks to an array of trends — the growth of [renewable energy](#), electric vehicles, industrial automation, and smart buildings, and the U.S.'s infrastructure overhaul among them. Based on these factors, management believes that Hubbell has prospects for growth in the mid-to-high-single-digit percentages annually through 2025.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:BKR (Baker Hughes, a GE company)
2. NYSE:AIR (AAR Corp.)
3. NYSE:BA (The Boeing Company)
4. NYSE:HAL (Halliburton Company)
5. NYSE:HUBB (Hubbell Incorporated)
6. NYSE:HXL (Hexcel)
7. NYSE:RTX (Raytheon Technologies)
8. NYSE:SLB (Schlumberger Limited)
9. OTC:EADS.Y (Airbus SE)

### PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

### PP NOTIFY USER

1. tmfwordnerd

**Category**

1. Investing

**Date**

2025/08/13

**Date Created**

2022/10/29

**Author**

motley-fool-staff

default watermark

default watermark