# 3 B-Rated Defense Stocks to Secure Now

Amid escalating geopolitical tensions, growing global defense spending coupled with technological advancements create growth opportunities for aerospace and defense companies. Thus, robust defense stocks Textron (TXT), Woodward (WWD), and Moog (MOG.A) could be ideal investments now. These stocks are rated B (Buy) in our proprietary rating system. Read on….

The escalating geopolitical instability around the world has resulted in a steady surge in defense expenditures in developed and emerging economies. Moreover, aerospace and defense companies are increasingly adopting advanced technologies to capitalize on high-growth opportunities.

Hence, it could be suitable to invest in fundamentally sound defense stocks Textron Inc. (TXT), Woodward, Inc. (WWD), and Moog Inc. (MOG.A) for substantial returns. These stocks are B (Buy) rated in our POWR Ratings system.

Over the past few years, global defense spending has increased significantly due to escalating geopolitical unrest amid the ongoing Houthi attacks in the Red Sea, the continued Israel-Hamas war, Russia’s invasion of Ukraine in 2022, and tensions in the South China Sea.

According to Statista, global military spending has reached 2.24 trillion in 2022. The U.S. had the highest military expenditure, with approximately 40% of the total spending worldwide that year, which amounted to around $2.20 trillion.

For the fiscal year 2024, the U.S. Congress approved a huge defense budget of $886 billion and extended a controversial overseas electronics surveillance system widely used by U.S. intelligence services. The vast spending bill offers billions of dollars to “enhance US deterrence and defense posture in

the Indo-Pacific region” and counter China’s growing influence there.

Further, the Department of Air Force’s fiscal 2024 budget request is nearly $215.10 billion, an increase of 4.5% from fiscal 2023.

The global aerospace and defense market is projected to reach $1.39 trillion by 2030, growing at a CAGR of 8.2%. Aerospace and defense companies are now embracing new technologies such as Artificial Intelligence (AI), machine learning, the Internet of Things (IoT), big data analytics, cloud, and more to capitalize on growth opportunities.

Digital transformation in the aerospace and defense industry is critical to optimize production, enhance maintenance, and boost innovation. The global IoT in the aerospace and defense market is projected to total $96.36 billion by 2028, expanding at a CAGR of 14.2%.

In light of these favorable trends, let’s look at the fundamentals of the three best Air/Defence Services stocks, beginning with number 3.

**Stock #3: Moog Inc. (MOG.A)**

MOG.A designs, manufactures, and integrates precision motion and fluid controls and controls systems for original equipment manufacturers (OEMs) and end users in the aerospace, defense, and industrial markets internationally. It operates through Aircraft Controls; Space and Defense Controls; and Industrial Systems segments.

On August 24, MOG.A announced being placed under contract with Bell Textron Inc., a Textron company, to work for the U.S. Army’s Future Long Range Assault Aircraft (FLRAA), the Bell V-280 Valor. Initially, the contract funds core design and development activities through the Middle Tier Acquisition (MTA) phase of the program.

“We have a long history with Bell, and in 2013 made the strategic decision to align our interests and resources to secure this important win for our companies. We are proud to be part of this program which will provide warfighters with an unparalleled combination of range, speed, and combat capability,” said Mark Graczyk, President of Moog’s Military Aircraft business.

On November 3, MOG.A declared a quarterly dividend of $0.27 per share on the company’s shares of Class A common stock and Class B common stock. The dividend was paid on December 8, 2023, to all shareholders of record as of the close of business on November 22, 2023.

MOG.A pays an annual dividend of $1.08, which translates to a yield of 0.76% at the current share price. Its four-year average dividend yield is 1.19%. Moreover, the company’s dividend payouts have increased at a CAGR of 12.9% over the past three years.

In terms of forward EV/EBIT, MOG.A is trading at 15.27x, 6.9% lower than the industry average of 16.4x. Likewise, its forward EV/Sales of 1.67x is 5.3% lower than the industry average of 1.76x.

During the fourth quarter that ended September 30, 2023, MOG.A’s net sales increased 13.5% year-over-year to $872.05 million. Its gross profit grew 20% from the year-ago value to $243.90 million. The company’s adjusted operating profit rose 37.1% year-over-year to $109.36 million.

In addition, the company’s adjusted net earnings came in at $67.75 million, or $2.10 per share, up 55.3% and 54.4% from the prior year’s quarter, respectively. Its adjusted free cash flow was $105 million, compared to $19 in the same period of 2022.

As per the fiscal year 2024 financial guidance, MOG.A expects its net sales to reach $3.45 billion. The company’s earnings

per share are expected to be $6.80.

Street expects MOG.A's EPS and revenue for the fiscal 2024 first quarter (ended December 2023) to increase 17.1% and 7.9% year-over-year to $1.46 and $820.04 million, respectively. Moreover, the company surpassed the consensus revenue estimate in three of the trailing four quarters.

Shares of MOG.A have gained 30.1% over the past six months and 55% over the past year to close the last trading session at $142.59.

MOG.A's robust outlook is reflected in its POWR Ratings. The stock has an overall rating of B, which translates to a Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, each weighted to an optimal degree.

The stock has an A grade for Sentiment and a B for Stability and Momentum. It is ranked #7 out of 72 stocks in the Air/Defense Services industry.

Click here to access additional MOG.A ratings for Growth, Value, and Quality.

**Stock #2: Textron Inc. (TXT)**

TXT serves aircraft, defense, industrial, and finance businesses internationally. The company operates through six segments: Textron Aviation; Bell; Textron Systems; Industrial; Textron eAviation; and Finance. It manufactures, sells, and services business jets, turboprop and piston engine aircraft, and military trainer and defense aircraft.

On January 16, 2024, Bell Helicopter – a unit of TXT and The Boeing Company's (BA) Bell-Boeing, a joint venture (JV) of the two entities secured a modification contract involving the V-22 Osprey aircraft. The Naval Air Systems Command, Patuxent River, MD, had awarded the contract.

Under the contract, Bell-Boeing will provide continued flight test support for the V-22 Osprey aircraft.

On November 24, 2023, Textron Aviation, a TXT company, announced an agreement with BAA Training for the purchase of 48 Cessna Skyhawk aircraft, which are expected to be delivered in 2026. The stable flight characteristics, advanced avionics, and demonstrated dispatch reliability of the Skyhawk have made it a dependable training platform.

In terms of forward non-GAAP P/E, TXT is trading at 13.61x, 26.6% lower than the industry average of 18.54x. Further, the stock's forward EV/Sales multiple of 1.27 is 28.1% lower than the industry average of 1.76. Moreover, its forward Price/Sales of 1.14x is 19% lower than the industry average of 1.41x.

For the fourth quarter that ended December 31, 2023, MOG.A's total revenues increased 7.04% year-over-year to $3.89 billion. Its gross profit grew 25.5% from the year-ago value to $384 million. The company's adjusted income from continuing operations rose 22.5% and 30.1% year-over-year to $316 million and $1.60 per share, respectively.

In addition, the company's cash and cash equivalents were $2.12 billion as of December 31, 2023, compared to $1.96 billion as of December 31, 2022.

Analysts expect TXT's revenue for the first quarter (ending March 2024) to increase 10.1% year-over-year to $3.33 billion, while its EPS is expected to grow 20.5% year-over-year to $1.27. Moreover, the company has surpassed the consensus EPS estimates in each of the trailing four quarters.

TXT's shares have gained 25.9% over the past six months and 22.9% over the past year to close the last trading session at $85.55.

TXT's POWR Ratings reflect its bright prospects. The stock has

an overall rating of B, which translates to a Buy in our proprietary rating system.

The stock has a B grade for Value, Quality, and Momentum. Within the Air/Defense Services industry, TXT is ranked #6 of 72 stocks.

In addition to the POWR Ratings we've stated above, we also have TXT ratings for Growth, Stability, and Sentiment. Get all TXT ratings here.

**Stock #1: Woodward, Inc. (WWD)**

WWD designs, manufactures, and services control solutions for the aerospace and industrial markets globally. It operates in two segments: Aerospace and Industrial. The company offers fuel pumps, metering units, actuators, air valves, actuators, valves, pumps, and fuel injection systems. It also provides aftermarket maintenance, repair, and other services.

On September 25, 2023, WWD declared a cash dividend of $0.22 per share for the third quarter of fiscal 2023, paid on December 4, 2023, to the stockholders of record as of November 20, 2023.

WWD pays an annual dividend of $0.88, which translates to a yield of 0.65% at the current share price. Its four-year average dividend yield is 0.67%. Moreover, the company's dividend payouts have increased at a CAGR of 18.9% over the past three years.

WWD's trailing-12-month net income margin of 7.97% is 29.8% higher than the industry average of 6.14%. In addition, the stock's trailing-12-month ROCE of 5.79% is 16.6% higher than the industry average of 4.97%.

During the fourth quarter that ended September 30, 2023, WWD's net sales increased 21.4% year-over-year to $777.07 million. Its adjusted net earnings were $82.65 million and $1.33 per

share, up 60.6% and 58.3% from the prior year's quarter, respectively.

Also, the company's adjusted EBITDA rose 49.4% from the year-ago value to $138.86 million. Its adjusted free cash flow of $238.23 million indicates an increase of 65.1% from the prior year's quarter.

As per the fiscal 2024 full-year outlook, the company expects its sales to range between $3.10 billion and $3.25 billion. It further expects its free cash flow to be between $275 million and $325 million and its EPS to reach $4.70 million to $5.15.

Analysts expect WWD's revenue and EPS for the first quarter (ended December 2023) to increase 22% and 133.7% year-over-year to $754.85 million and $1.15. Also, the company topped the consensus revenue estimates in all four trailing quarters, which is impressive.

WWD's stock has surged 12.6% over the past six months and 24.1% over the past year to close the last trading session at $135.56.

WWD's sound fundamentals are reflected in its POWR Ratings. The stock has an overall rating of A, which translates to a Strong Buy in our proprietary rating system.

The stock has an A grade for Growth and a B for Momentum, Sentiment, and Quality. WWD is ranked #3 of 72 stocks within the Air/Defense Services industry.

To see additional POWR Ratings of WWD for Stability and Value, click here.

***What To Do Next?***

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these "*death trap*" stocks are lurking in your portfolio:

**10 Stocks to SELL NOW! >**

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TXT shares were unchanged in premarket trading Thursday. Year-to-date, TXT has gained 6.38%, versus a 2.12% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Mangeet Kaur Bouns

Mangeet’s keen interest in the stock market led her to become

an investment researcher and financial journalist. Using her fundamental approach to analyzing stocks, Mangeet’s looks to help retail investors understand the underlying factors before making investment decisions.

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# Will These 3 Biotech Stocks Make Gains in 2024?

In the swiftly progressing arena of biotechnology, technological advancements, increasing merger and acquisition maneuvers, and developing product pipelines are driving significant expansion in this sector. The sector’s strong potential is further reinforced by a steady demand, ensuring its sustenance. Given this backdrop, let’s analyze whether or not biotech stocks Illumina (ILMN), Protalix BioTherapeutics (PLX), and Alnylam Pharmaceuticals (ALNY) would make gains in 2024. Read on….

The biotechnology industry has experienced significant growth of late – canvassing various aspects of life from pharmaceuticals to food production and digital technology – thanks to monumental advances in drug development, increased merger and acquisition activity, technological innovation, and governmental support.

Given this backdrop, fundamentally strong biotech stocks Illumina, Inc. (ILMN), Protalix BioTherapeutics, Inc. (PLX), and Alnylam Pharmaceuticals, Inc. (ALNY) could be wise portfolio additions to garner significant returns in 2024.

The wide-reaching impact of the biotech industry on society and the global economy is evident. This fact has only been highlighted further during the pandemic, with the industry's profitable applications demonstrating its potential for future growth and progress.

As it stands, biotech leads in innovation and underpins the overall economic structure. Executives within biotech corporations are investing heavily to expedite research and development. According to a survey of 130 executives conducted by ICON plc (ICLR), 60% of participants anticipated increased spending on R&D. Governmental initiatives serve to encourage these efforts, proving critical in bolstering the long-term viability of the biotech industry.

Early 2024 has already seen a tremendous resurgence in the industry, similar to a phoenix rising from the ashes. The year looks promising for recovery, particularly given the FDA's approval of 55 novel therapies in 2023, a near 50% increase. This substantial uptick indicates a renewal of dynamism within the industry.

The industry's ascent was catalyzed by multibillion-dollar agreements, positive clinical outcomes, and trailblazing developments like gene editing.

Increased emphasis on R&D expenditures, technological advancements, heightened FDA approvals, and expectations of substantial investments in the sector suggest a prosperous future for the industry. Consequently, the global biotechnology market is expected to grow at a CAGR of 20.4% to reach $4.15 trillion by 2030.

Given the industry tailwinds, it's time to examine the

fundamentals of the top three stocks to buy in the Biotech industry, starting with the third in line.

**Stock #3: Illumina, Inc. (ILMN)**

ILMN develops, manufactures, and markets life science tools and integrated systems for large-scale analysis of genetic variation and function. It operates through Core Illumina and GRAIL segments.

On January 15, Concentric by Ginkgo, which is building the leading platform for cell programming and biosecurity, entered into a Co-Marketing Agreement with ILMN to partner on expanding biosecurity capabilities globally.

Under the agreement, the partners aim to demonstrate the use of ILMN products with Concentric's bioradar to accelerate the expansion of the pathogen monitoring network in a way that empowers countries, as well as increase the scale and scope of pathogen genomic surveillance globally. This should bode well for ILMN.

On January 5, ILMN signed an agreement with Janssen Research & Development, LLC. This collaboration will be the first relating to the development of ILMN's novel molecular residual disease assay, a whole-genome sequencing multi-cancer research solution that detects circulating tumor DNA to better understand the persistence or recurrence of disease following clinical intervention.

ILMN's trailing-12-month cash per share of $5.87 is 363.5% higher than the industry average of $1.27. Its trailing-12-month gross profit and EBITDA margins of 65.78% and 7.10% are 15.4% and 40.3% higher than the industry averages of 57.02% and 5.06%, respectively.

Over the past three and five years, its revenue grew at CAGRs of 11.3% and 6.6%, respectively, while its total assets grew at 11% and 8.4% CAGRs over the same periods.

For the fiscal third quarter that ended October 1, 2023, ILMN's total revenue increased marginally year-over-year to $1.12 billion, while non-GAAP gross profit stood at $732 million. Moreover, its free cash flow came at $94 million, compared to a negative $119 million in the prior-year quarter.

For the same quarter, its non-GAAP net income and non-GAAP earnings per share stood at $52 million and $0.33, respectively. As of October 1, 2023, its total current liabilities came at $1.48 billion, compared to $2.77 billion as of January 1, 2023.

Street expects ILMN's revenue and EPS for the fiscal first quarter ending March 2024 to be $1.06 billion and $0.06, respectively. The company surpassed consensus revenue and EPS estimates in three of the trailing four quarters, which is impressive.

The stock has gained 21.5% over the past three months to close the last trading session at $141.01. Over the past month, it has gained marginally. Wall Street analysts expect the stock to reach $144.39 in the next 12 months, indicating a potential upside of 2.4%. The price target ranges from a low of $80 to a high of $258.

ILMN's POWR Ratings reflect its positive prospects. The stock has an overall B rating, equating to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 distinct factors, with each factor weighted to an optimal degree.

The stock has a B grade for Growth, Sentiment, and Quality. Within the Biotech industry, it is ranked #35 out of 348 stocks.

To see additional POWR Ratings for Value, Momentum, and Stability for ILMN, click here.

**Stock #2: Protalix BioTherapeutics, Inc. (PLX)**

PLX pioneers the advancement, production, and commercialization of recombinant therapeutic proteins using its exclusive ProCellEx plant cell-based protein expression system. Furthermore, the company provides Elelyso, addressing Gaucher disease, while also advancing PRX-102, a therapeutic protein for Fabry disease treatment.

PLX's trailing-12-month asset turnover ratio of 0.88x is 125.5% higher than the industry average of 0.39x, while its trailing-12-month EBITDA margin of 23.16% is 357.2% higher than the industry average of 5.06%.

Over the past three and five years, its revenue grew at CAGRs of 1.3% and 17.7%, respectively, while its total assets grew at 6.6% and 5.9% CAGRs over the same periods.

For the nine months that ended September 30, 2023, PLX's total revenue stood at $55.01 million, up 41% year-over-year. Its operating income came to $16.08 million, compared to an operating loss of $10.52 million in the year-ago period.

For the same period, its balance of cash and cash equivalents at end of period increased 90.4% from the prior-year period to $20.41 million. As of September 30, 2023, PLX's total current assets stood at $72.62 million, compared to $44.88 million as of December 31, 2022.

The consensus revenue estimate of $62.15 million for the fiscal year ending December 2024. Its EPS is expected to grow at 38.1% year-over-year to $0.15 for the same period. The company surpassed consensus revenue and EPS estimates in each of the trailing four quarters.

The stock has gained 2.8% over the past year to close the last trading session at $1.47. Wall Street analysts expect the stock to reach $10 in the next 12 months, indicating a potential upside of 580.3%.

PLX's POWR Ratings reflect this promising outlook. The stock

has an overall B rating, equating to Buy in our proprietary rating system.

PLX also has an A grade for Value and a B for Sentiment. It is ranked #27 within the same industry.

Click here for the additional POWR Ratings for Growth, Momentum, Stability, and Quality for PLX.

**Stock #1: Alnylam Pharmaceuticals, Inc. (ALNY)**

ALNY is a biopharmaceutical company that focuses on discovering, developing, and commercializing novel therapeutics based on ribonucleic acid interference.

ALNY's trailing-12-month cash per share of $8.23 is 552.2% higher than the industry average of $1.26, while its trailing-12-month gross profit margin of 84% is 47.3% higher than the industry average of 57.01%.

Over the past three and five years, its revenue grew at CAGRs of 62.6% and 79.8%, respectively, while its total assets grew at 5.1% and 18% CAGRs over the same periods.

For the fiscal third quarter that ended September 30, 2023, ALNY's total revenues increased 184% year-over-year to $750.53 million. Moreover, its non-GAAP operating income came at $277.80 million, compared to a non-GAAP operating loss of $129.92 million in the prior year quarter.

For the same quarter, its non-GAAP net income came to $228.53 million, compared to a non-GAAP net loss of $193.37 million in the prior year quarter. Also, its non-GAAP net income per common share stood at $1.74, compared to a non-GAAP net loss per common share of $1.58 in the year-ago quarter.

Analysts expect ALNY's revenue to come in at $1.77 billion for the fiscal year ending December 2024. The company surpassed consensus revenue and EPS estimates in three of the trailing four quarters.

The stock has gained 13% over the past three months to close the last trading session at $185.20. Wall Street analysts expect the stock to reach $227.94 in the next 12 months, indicating a potential upside of 23.1%. The price target ranges from a low of $135 to a high of $395.

ALNY's robust prospects are reflected in its POWR Ratings. The stock has an overall B rating, equating to Buy in our proprietary rating system.

ALNY has a B grade for Growth, Sentiment, and Quality. It is ranked #14 within the same industry.

Beyond what is stated above, we've also rated ALNY for Value, Momentum and Stability. Get all ALNY ratings here.

***What To Do Next?***

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ALNY shares were unchanged in premarket trading Thursday. Year-to-date, ALNY has declined -3.24%, versus a 2.12% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

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https://www.entrepreneur.com/finance/will-these-3-biotech-stocks-make-gains-in-2024/468802

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# Surprise Reason Behind Stock Breakout?

Why is the S&P 500 (SPY) making new highs? And what is the outlook for stocks coming into the quite important 1/31 Fed meeting? Investment pro Steve Reitmeister shares his views along with a preview of his top 13 trades to excel in weeks and months ahead. Read on below for more.

I am a tad bit surprised by the recent surge to new highs. Not that it wouldn’t take place this year. That was a given.

Rather why it took place now with such mixed economic and inflation data calling into greater question WHEN the Fed will start lowering rates.

Yet as we all know timing the market can often be a “*fool’s errand*“. Gladly our bullish outlook for the year ahead had us fully invested and enjoying in the upside as it rolled in.

Let’s use our time today to discuss the results from earnings season so far. And preparing for the next Fed meeting on January 31st.

**Market Commentary**

Tuesday marks the 3rd straight close above 4,800 for the S&P 500 (SPY) helping to solidify that indeed we have a solid breakout to new all time highs. Certainly, that is something to celebrate helping to erase most of the painful memories of the 2022 bear market.

Helping the cause are the better than expected early results for Q4 earnings season. Here are insights from my friend Nick Raich at EarningsScout.com

- 67 companies in the S&P 500 (13%) have released Q4 results.
- Good news first! 56 companies, or 84%, have topped their EPS expectations, on average by +6.92%.
- Furthermore, 4Q 2023 EPS growth is up +6.37% from 4Q 2022 for the companies that have reported so far, which is an accelerated rate from last earnings season when their collective 3Q 2023 vs 3Q 2022 EPS growth rate was +4.42%.
- Now, the bad news. And to be honest, it is not all that bad. Only 67% of companies are topping their sales expectations, which is below the 72% three-year average sales beat rate.
- While 4Q 2023 sales are up +4.98% from 4Q 2022 for the 67 companies that have reported, this is a slowdown in the rate of growth from last quarter when their 3Q 2023 sales were up +6.01%.
- Underlying S&P 500 EPS expectation trend is improving, on a rate of change basis, for the first 67 co’s in the index on the 4Q 2023 clock and this is bullish for stocks.

The above may be a bit too much in the weeds for some investors. So let me simplify.

Earnings so far are better than expected. And estimate revisions for future earnings are also positive. Net-net this is good news and no doubt one of the catalysts behind the recent stock breakout to new highs.

These positive earnings announcements should not come as much of a shock given the resilience of the US economy. The GDPNow model is now pointing to +2.4% growth for Q4 which is far better than earlier predictions closer to a paltry 1%.

The welcome strength of the US economy, coupled with still moderating inflation figures, creates an interesting riddle for the Fed to solve as to when they can comfortably start lowering rates. That is highly unlikely at their 1/31 meeting where the CME's FedWatch model points to less than 3% chance of a rate cut on the way.

The March 20th Fed meeting was considered the most likely launching point for these rate cuts with odds at nearly 90% just a month ago. That is now down to only 43% probability at this time.

This change of heart stems from the slightly higher than expected CPI report on January 11th where core is currently at 3.4% year over year. Along with that the monthly jobs report showed job gains hotter than expected bringing with it stubborn wage inflation that is not abating as fast as some had hoped.

Long story short, we are still a good way off the Fed's 2% inflation target thus delaying when the economic catalyst of rate cuts will finally be on the way. Now folks believe that May 1st Fed meeting is the more likely start to this rate cutting process (currently 86% likelihood).

Yes, with what I just shared I am a tad surprised that stocks had the energy to break to new highs at this time. I thought that would be on hold til there was greater certainty of when rate cuts would be delivered as that timeline keeps getting pushed further back.

However, it is not hard to see the economy is doing just fine without the rate cuts. So its not like we need them on the books to keep the stock market humming along. It would just provide a bit more oomph to earnings growth which further lifts share price valuation.

The point is that when the primary trend is bullish, then there is no benefit in trying to time the minor pullbacks and bounces. Like I said up top, that is a "*fool's errand*".

It is better just to stay 100% invested in the best stocks and ETFs to enjoy those rallies whenever they arrive.

As for what are the best stocks and ETFs to own now, we will tackle that in the section that follows…

***What To Do Next?***

Discover my current portfolio of 11 stocks packed to the brim with the outperforming benefits found in our exclusive POWR Ratings model.

Yes, that same POWR Ratings model generating nearly 4X better than the S&P 500 going back to 1999.

Plus I have selected 2 special ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead.

These 13 top trades are based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these lucky

13 hand selected trades, then please click the link below to get started now.

Steve Reitmeister’s Trading Plan & Top Picks >

*Wishing you a world of investment success!*

Steve Reitmeister…*but everyone calls me Reity (pronounced “Righty”)*
CEO, StockNews.com and Editor, Reitmeister Total Return

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SPY shares were trading at $484.86 per share on Tuesday afternoon, up $1.41 (+0.29%). Year-to-date, SPY has gained 2.01%, versus a % rise in the benchmark S&P 500 index during the same period.

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# About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

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# Energy Gains This Week: 3

# Stocks Making Waves

The energy industry’s outlook appears robust, buoyed by increased global energy requirements driven by population growth, industrialization, and economic development. Given this backdrop, fundamentally strong energy stocks Cheniere Energy Partners, L.P. (CQP), Ultrapar Participações S.A. (UGP), and Transportadora de Gas del Sur S.A. (TGS) could be solid buys now. Read on….

Amid the mounting global energy needs and constrained supply levels, crude oil prices are projected to adhere closely to 2023’s averages. The potential for price spikes is real due to aggravated geopolitical instability, exemplified by increasing turbulence in the Middle East and maritime assaults occurring in the Red Sea region.

Given this backdrop, quality energy stocks Cheniere Energy Partners, L.P. (CQP), Ultrapar Participações S.A. (UGP), and Transportadora de Gas del Sur S.A. (TGS) could be solid portfolio additions now.

While the transition toward renewable energy sources continues to accelerate, there is a simultaneous rise in oil and gas requirements. According to the International Energy Agency’s (IEA) monthly report, 2024 can expect to witness oil demand growth by 1.24 million barrels per day (bpd). This optimistic forecast can be attributed to population growth, escalating energy consumption in developing economies, improving global economic health, declining crude oil prices in the last quarter, and sustained growth in China’s petrochemical sector.

Significant investments in oil and gas drilling technologies, including hydraulic fracturing and horizontal drilling, have generated a notable spike in oil and gas production in the U.S. It’s worth noting that these innovations have enabled heightened yields from reservoirs once deemed non-productive.

In 2023, Master Limited Partnerships and the broader midstream sector demonstrated robust performance within the energy industry, generating total returns of 23.8% and 14%, respectively. The prediction for 2024 suggests that the industry will continue to yield free cash flow and distribute capital to shareholders through enhanced dividends and strategic buybacks.

The persisting geopolitical turmoil in the Red Sea region, particularly the ongoing militant attacks by Yemen-based Houthis, has imposed additional challenges on oil trade activities. Also, the OPEC+ production cuts, combined with production disruptions in Libya, have amplified bullish market conditions for oil prices.

Moreover, in the U.S., severe winter weather across Texas and North Dakota has notably hindered oil production. For instance, North Dakota's oil output experienced a substantial drop last week. This tightening of supply, coupled with increased oil and gas demand, has contributed to recent surges in oil prices.

The U.S. Energy Information Administration (EIA), in its Short-Term Energy Outlook (STEO), anticipates Brent crude oil prices to average at $82 per barrel (b) for 2024, dropping to $79/b in 2025.

With these trends in mind, let's delve into the fundamentals of the three energy stock picks.

**Cheniere Energy Partners, L.P. (CQP)**

CQP provides liquefied natural gas (LNG) to integrated energy companies, utilities, and energy trading companies worldwide. It owns and operates a natural gas liquefaction and export facility at the Sabine Pass LNG production terminal.

On November 29, CQP announced that Sabine Pass Liquefaction Stage V, LLC (SPL Stage 5) entered into a long-term Integrated

Production Marketing (IPM) gas supply agreement with ARC Resources U.S. Corp., Canada's leading natural gas producer.

Under the IPM agreement, ARC Resources would sell 140,000 MMBtu per day of natural gas to SPL Stage 5 for 15 years, commencing with commercial operations of the first train of the SPL expansion project. This agreement will enable CQP to deliver increased quantities of Canadian natural gas to Europe, where energy security has never been more crucial.

On November 14, CQP paid the unitholders a cash distribution of $1.03 per common unit. Its annualized dividend rate of $3.10 per share translates to a dividend yield of 6.13% on the current share price.

Its four-year average yield is 7.24%. CQP's dividend payments have grown at CAGRs of 6.5% and 7.2% over the past three and five years, respectively. The company has a record of paying dividends for 16 consecutive years.

CQP's trailing-12-month cash from operations of $3.90 billion is 457.2% higher than the industry average of $699.98 million. Its trailing-12-month ROTC and ROTA of 29.37% and 32.42% are 216.6% and 342.3% higher than the industry averages of 9.28% and 7.33%, respectively.

Over the past three and five years, its revenue grew at CAGRs of 24.4% and 14.1%, respectively, while its EBITDA grew at 39.2% and 24.9% CAGRs over the same periods.

In the fiscal third quarter that ended September 30, 2023, CQP's total revenues and adjusted EBITDA stood at $2.13 billion and $793 million, respectively. Moreover, its income from operations stood at $988 million, compared to a loss from operations of $299 million in the year-ago quarter.

For the same quarter, net income came at $791 million, compared to a net loss of $514 million in the prior year quarter, while net income per common unit stood at $1.19,

compared to a net loss per common unit of $1.49 in the year-ago quarter.

Street expects CQP's revenue and EPS for the fiscal first quarter ending March 2024 to be $2.66 billion and $1.16, respectively.

The stock has gained 13% over the past nine months to close the last trading session at $51.19. Over the past six months, it has gained 2%.

CQP's POWR Ratings reflect its robust prospects. The stock has an overall B rating, equating to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 distinct factors, with each factor weighted to an optimal degree.

The stock has a B grade for Value, Momentum, and Quality. Within the A-rated MLPs – Oil & Gas industry, it is ranked #7 out of 26 stocks.

To see additional POWR Ratings for Growth, Stability, and Sentiment for CQP, click here.

**Ultrapar Participações S.A. (UGP)**

Headquartered in São Paulo, Brazil, UGP offers compressed natural gas, renewable power, and liquefied petroleum gas to residential, commercial, and industrial customers. In addition, it markets and distributes lubricants, natural gas for automobiles, ethanol, diesel, fuel oil, kerosene, and gasoline.

It pays an annual dividend of $0.07 per share, which translates to a dividend yield of 1.25% on the current share price. Its four-year average yield is 3.01%.

UGP's trailing-12-month cash per share of $1.10 is 18.4% higher than the industry average of $0.93, while its trailing-12-month asset turnover ratio of 3.65x is 564.8%

higher than the industry average of 0.55x.

Over the past three and five years, its revenue grew at CAGRs of 16.3% and 7.7%, respectively, while its tangible book value grew at 11.5% and 9.1% CAGRs over the same periods.

For the fiscal third quarter that ended September 2023, UGP's net revenues came at R$32.48 billion ($6.52 billion), while its adjusted EBITDA rose 138.7% from the year-ago quarter to R$ 2 billion ($401.68 million).

Also, the company's net income and cash inflow from operations grew 973.5% and 47% from the prior year's period to R$ 891.20 million ($178.99 million) and R$ 1.90 billion ($381.79 million), respectively.

Street expects UGP's EPS for the fiscal year of 2023 (ended December 2023) to increase 167.4% year-over-year to $0.22. Its revenue is expected to be $25.76 billion for the same year.

The stock has gained 129.3% over the past year to close the last trading session at $5.64. Over the past nine months, it has gained 98.6%.

UGP's strong fundamentals are reflected in its POWR Ratings. The stock has an overall rating of A, equating to a Strong Buy in our proprietary rating system.

UGP has a B grade for Value and Sentiment. It is ranked #2 out of 43 stocks within the B-rated Foreign Oil & Gas industry.

In addition to the POWR Ratings I've highlighted, you can see UGP's Growth, Momentum, Stability, and Quality ratings here.

**Transportadora de Gas del Sur S.A. (TGS)**

TGS, headquartered in Buenos Aires, Argentina, transports natural gas and produces and commercializes natural gas liquids in Argentina. The company has four segments: Natural Gas Transportation Services; Liquids Production and

Commercialization; Other Services; and Telecommunications.

TGS' trailing-12-month CAPEX/Sales of 37.28% is 178% higher than the industry average of 13.41%.

Over the past three and five years, its revenue grew at CAGRs of 20.1% and 24.7%, respectively, while its tangible book value grew at 108.8% and 165.3% CAGRs over the same periods.

In the fiscal third quarter that ended September 30, 2023, TGS' revenues and operating profit stood at ARS 74.59 billion ($90.78 million) and ARS 17.29 billion ($21.04 million), respectively.

For the same quarter, its total comprehensive income and earnings per ADS stood at ARS 4.88 billion ($5.94 million) and ARS 32.43, respectively. Moreover, its free cash flow stood at ARS 3.04 billion ($3.70 million).

Street expects TGS' revenue and EPS for the fiscal year of 2023 (ended December 2023) to be $675.21 million and $0.31, respectively. The company surpassed consensus EPS estimates in each of the trailing four quarters, which is impressive.

The stock has gained 42.4% over the past nine months to close the last trading session at $14.60. Over the past year, it has gained 35.9%.

TGS' POWR Ratings reflect a positive outlook. The stock has an overall B rating, which indicates a Buy in our proprietary rating system.

TGS has a B grade for Momentum, Sentiment, and Quality. Within the Foreign Oil & Gas industry, it is ranked #4.

Click here for TGS' additional POWR Ratings (Growth, Value, and Stability).

***What To Do Next?***

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

**2024 Stock Market Outlook >**

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CQP shares were unchanged in premarket trading Wednesday. Year-to-date, CQP has gained 2.81%, versus a 2.01% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi's interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

The post **Energy Gains This Week: 3 Stocks Making Waves** appeared first on **StockNews.com**

https://www.entrepreneur.com/finance/energy-gains-this-week-3-stocks-making-waves/468742

# What Lies Ahead for NVDA and TSM in the Chip Landscape in 2024

Following last year’s slowdown, the semiconductor industry is positioned to witness a solid rebound in 2024, fueled by resurgent market demand, the rising popularity of technologies like generative AI and HPC, and growing government incentives. So, let’s analyze what lies ahead for NVIDIA (NVDA) and Taiwan Semiconductor Manufacturing (TSM) in the chip landscape this year. Read on to know more….

The semiconductor industry’s 2024 outlook appears promising, driven by the recovery in demand, especially in two prominent end markets, PCs and smartphones and numerous technological innovations. Moreover, the heightened attention to the strategic importance of chip manufacturing to national and economic security is a crucial catalyst of the industry’s growth.

Amid this backdrop, fundamentally sound chip stock Taiwan Semiconductor Manufacturing Company Limited (TSM) seems well-poised to capitalize on the industry’s tailwinds. However, given its mixed prospects, investors could wait for a better entry point in NVIDIA Corporation (NVDA).

Semiconductors are a crucial component in multiple applications across end-use sectors, including consumer electronics, automotive, computing, networking and communications, industrial equipment, healthcare, military, and clean energy. In addition, the growing popularity of technologies like AI, machine learning, and IoT will offer

growth opportunities to chip companies.

In 2023, the semiconductor industry had a challenging year, the seventh downturn since 1990, with sales projected to decline 9.4% (to $520 billion) for the year. However, the industry is well-positioned to rebound in 2024, with global chip sales reaching an impressive $588 billion, indicating a 13% year-over-year growth. The memory sector is a vital driver of this growth.

In terms of end markets, both PC and smartphone sales are anticipated to increase by 4% this year, following declines of 14% and 3.5% in 2023, respectively. Returning to growth for these two end-use sectors is very important for the semiconductor industry.

As we enter 2024, semiconductor companies will increasingly emphasize on product innovations, targeting developments in generative AI and large language models (LLMs) and boosting demand for high-performance GPUs in data centers and high-performance computing (HPC).

According to Deloitte, the market for AI chips appears to be strong in 2024 and is predicted to reach more than $50 billion in sales for the year or 8.5% of the value of all chips to be sold. In the long term, some forecasts suggest that AI chips (mainly gene AI chips) could total $400 billion in sales by 2027.

Favorable government initiatives further drive the chip industry’s prospects. In August 2022, President Biden signed the CHIPS Act of 2022 into a law that allocated about $52.70 billion over the next five years to boost domestic manufacturing and research and development (R&D) of semiconductors.

“Resurgent market demand and increased government incentives worldwide are powering an upsurge in fab investments in key chipmaking regions and the projected 6.4% rise in global

capacity for 2024," said Ajit Manocha, SEMI President and CEO.

As per SEMI's latest quarterly *World Fab Forecast* report, the global semiconductor capacity is projected to rise by 6.4% this year to reach record high 30 million wafers per month (wpm) mark for the first time after increasing 5.5% to 29.6 wpm in 2023.

Given the industry trends in mind, let's look at the fundamentals of the two Semiconductor & Wireless Chip stocks.

*Stock to Hold:*

**Stock #2: NVIDIA Corporation (NVDA)**

NVDA designs and manufactures computer graphics processors, chipsets, and related multimedia software. It operates through Graphics and Compute & Networking segments. Its products are used in gaming, professional visualization, datacenter, and automotive markets. It sells its products to original equipment manufacturers, system builders, and retailers/distributors.

On January 8, 2024, NVDA announced that Li Auto, a leader in extended-range EVs, selected the NVIDIA DRIVE Thor™ centralized car computer to power its next-generation fleets. Also, EV makers GWM (Great Wall Motor), ZEEKR, and Xiaomi have adopted the NVIDIA DRIVE Orin™ platform to power their intelligent automated driving systems.

"The AI car computer of choice for today's intelligent fleets is NVIDIA DRIVE Orin, with automakers increasingly looking to the advanced capabilities and AI performance of its successor, NVIDIA DRIVE Thor, for their future vehicle roadmaps," said Xinzhou Wu, vice president of automotive at NVDA.

On the same day, NVDA introduced GeForce RTX™ SUPER desktop GPUs for supercharged generative AI performance, new AI laptops from every top manufacturer, and new NVIDIA RTX™-

accelerated AI software and tools for both developers and consumers.

In order to meet growing consumer demand, the company is delivering innovations across its full tech stack, driving new experiences and building on the 500+ AI-enabled PC applications and games already accelerated by NVIDIA RTX technology.

In terms of forward non-GAAP P/E, NVDA is trading at 48.49x, 93.7% higher than the industry average of 25.03x. Also, the stock's forward EV/Sales and Price/Sales multiples of 24.85 and 24.97 are significantly higher than the industry averages of 2.91 and 2.90, respectively.

NVDA's trailing-12-month gross profit margin of 69.85% is 42.7% higher than the industry average of 48.95%. Likewise, the stock's trailing-12-month EBITDA margin and net income margin of 49.39% and 42.10% are higher than the respective industry averages of 9.28% and 1.91%.

For the fiscal 2024 third quarter that ended October 29, 2023, NVDA revenue increased 205.5% year-over-year to $18.12 billion. Its non-GAAP operating income rose 652.4% from the previous year's quarter to $11.56 billion. Its non-GAAP net income and non-GAAP EPS were $10.02 billion and $4.02, up 588.2% and 593.1% year-over-year, respectively.

However, the company's total current liabilities increased to $9.10 billion as of October 29, 2023, compared to $6.56 billion as of January 29, 2023.

As per its outlook for the fourth quarter of fiscal 2024, NVDA's revenue is expected to be $20 billion, plus or minus 2%. The company expects its non-GAAP gross margin to be 74.5% and 75.5%, respectively, plus or minus 50 basis points. Its non-GAAP income and expense are anticipated to be an income of nearly $200 million, excluding gains and losses from non-affiliated investments.

Analysts expect NVDA’s revenue and EPS for the fourth quarter (ending January 2024) to increase 233.8% and 412.5% year-over-year to $20.20 billion and $4.51, respectively. Further, the company has surpassed consensus revenue and EPS estimates in all four trailing quarters.

NVDA’s stock has gained 21.5% over the past month and 33.7% over the past six months to close the last trading session at $596.54.

NVDA’s mixed fundamentals are reflected in its POWR Ratings. The stock has an overall rating of C, which translates to a Neutral in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, each weighted to an optimal degree.

NVDA has an A grade for Growth and Sentiment. But the stock has an F grade for Value and a D for Stability. Within the Semiconductor & Wireless Chip industry, it is ranked #29 of 91 stocks.

Click here to access additional ratings of NVDA (Quality and Momentum).

*Stock to Buy:*

**Stock #1: Taiwan Semiconductor Manufacturing Company Limited (TSM)**

Headquartered in Hsinchu City, Taiwan, TSM, together with its subsidiaries, manufactures, packages, tests, and sells integrated circuits and other semiconductor devices internationally. The company’s products are used in high-performance computing, smartphones, the Internet of Things (IoT), automotive, and digital consumer electronics.

On September 27, 2023, TSM announced the 3Dblox 2.0 open standard and significant achievements of its Open Innovation Platform® (OIP) 3DFabric Alliance at the 2023 OIP Ecosystem

Forum. The 3Dblox 2.0 features 3D IC design capability that aims to drive design efficiency, and the 3DFabric Alliance will boost memory, substrate, testing, manufacturing, and packaging integration.

The company continues to push the envelope of 3D IC innovation, making its comprehensive 3D silicon stacking and advanced packaging technologies accessible to customers, allowing them to reach an entirely new level of performance and power efficiency for the next-gen AI, high-performance computing (HPC), and mobile applications.

In terms of forward non-GAAP P/E, TSM is trading at 18.05x, 28.3% lower than the industry average of 25.15x. The stock's forward EV/EBITDA multiple of 8.59 is 46.6% lower than the industry average of 16.08. Further, its forward Price/Cash Flow of 10.85x is 53.3% lower than the industry average of 23.25x.

TSM's trailing-12-month EBIT margin of 42.63% is 799.7% higher than the 4.74% industry average. Moreover, its trailing-12-month gross profit margin and net income margin of 54.36% and 38.79% are favorably compared to the industry averages of 49.06% and 1.89%, respectively.

TSM's net sales increased 14.4% quarter-over-quarter to NT$625.53 billion ($19.94 billion) for the fourth quarter that ended December 31, 2023. Its gross profit grew 11.8% from the prior quarter to NT$331.77 billion ($10.58 billion). The company's income from operations was NT$260.21 billion ($8.29 billion), an increase of 14.1 from the previous quarter.

In addition, the company's income before tax rose 15% quarter-on-quarter to NT$278.28 billion ($8.87 billion). Its net income and EPS came in at NT$238.71 billion ($7.61 billion) and NT$9.21, up 13.1% quarter-over-quarter, respectively.

As per the company's current business outlook for the first quarter of 2024, the management expects revenue to be between

$18 billion and $18.80 billion. TSM's gross profit margin and operating profit margin are expected to be 52%-54% and 40%-42%, respectively. The management further expects the 2024 capital budget to be between $28 billion and $32 billion.

Street expects TSM's revenue for the fiscal year (ending December 2024) to increase 23.6% year-over-year to $84.61 billion. The company's revenue for the ongoing year is expected to grow 20.9% year-over-year to $6.26. Moreover, TSM topped consensus EPS estimates in each of the trailing four quarters, which is impressive.

Shares of TSM have gained 15% over the past six months and 18.2% over the past year to close the last trading session at $113.03.

TSM's POWR Ratings reflect this robust outlook. The stock has an overall rating of B, which translates to a Buy in our proprietary rating system.

The stock has a B grade for Momentum, Quality, and Sentiment. Within the Semiconductor & Wireless Chip industry, TSM is ranked #14 of 91 stocks.

In addition to the POWR Ratings we've stated above, we also have TSM ratings for Growth, Value, and Stability. Get all TSM ratings here.

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NVDA shares were unchanged in premarket trading Tuesday. Year-to-date, NVDA has gained 20.46%, versus a 1.71% rise in the

benchmark S&P 500 index during the same period.

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## About the Author: Mangeet Kaur Bouns

Mangeet’s keen interest in the stock market led her to become an investment researcher and financial journalist. Using her fundamental approach to analyzing stocks, Mangeet’s looks to help retail investors understand the underlying factors before making investment decisions.

More…

The post **What Lies Ahead for NVDA and TSM in the Chip Landscape in 2024** appeared first on **StockNews.com**

https://www.entrepreneur.com/finance/what-lies-ahead-for-nvda-and-tsm-in-the-chip-landscape-in/468688

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# Buy, Sell, or Hold These 3 Homebuilder Stocks?

The homebuilding industry is poised for substantial expansion, propelled by robust demand for housing properties. Given this backdrop, let’s assess the prospects of homebuilder stocks D.R. Horton (DHI), Hovnanian Enterprises (HOV) and Lennar Corporation (LEN) to determine the best investment opportunity

in this space. Read on….

As mortgage rates continue to descend, homebuilders are taking strides to accelerate production, enhancing affordability for prospective homeowners. Furthermore, the predicted interest rate reductions projected for this year are set to stimulate housing demand, reinforcing the potential advantages of investing in the quality homebuilder stocks Hovnanian Enterprises, Inc. (HOV) and Lennar Corporation (LEN). However, D.R. Horton, Inc. (DHI) should be kept on one's watchlist for better entry opportunities in the stock.

Let's first discuss why the homebuilder industry is poised for growth before delving deeper into the fundamentals of the stocks.

In 2023, an infusion of vitality swept over homebuilders' stocks, responding to an escalating crisis where the mere attainability of housing reached historic lows in the U.S. Scores of American citizens found themselves on the sidelines or burdened with substantial monthly housing payments. Redfin data unveiled that only 15.5% of available homes were deemed financially accessible to the average household last year – a stark fall from the 20.7% prior year.

This notwithstanding, new single-family home sales, as per the U.S. Census Bureau's data, demonstrated a subtle but noteworthy 1.4% year-over-year growth, reaching 590,000 in November 2023. The National Association of Home Builders (NAHB)/Wells Fargo's Housing Market Index (HMI) unveiled a seven-point surge month-over-month in builder confidence, achieving 44 in January. The injection of confidence within builders has been attributed to sustained mortgage rates below 7% over the previous month.

A slight relaxation in market conditions is predicted for 2024. Forecasts predict that the forthcoming increase in stock availability, combined with a reduction in the "lock-in"

effect – where current homeowners resist moving due to previously secured lower mortgage rates – will induce greater buying activity. However, persistent obstacles can be expected.

The presence of high mortgage rates remains an undeniable reality. Yet disproportionate supply and demand dynamics have inhibited home prices from the usual decline when borrowing costs heighten. For 2024, William Blair anticipates a more prosperous landscape with improved supply, declining mortgage rates, and a return of existing homeowners to the market, driven primarily by necessity.

Furthermore, a resurgence in the construction of new homes is apparent. Privately-owned housing starts in December exhibited a seasonally adjusted annual rate of 1,460,000, a 7.6% increase from the previous year. Builders are anticipated to construct more houses to meet escalating demand as long-term interest rates decline.

The global residential construction market is expected to grow at a CAGR of 4.8% to reach $8.31 billion by 2032.

The SPDR S&P Homebuilders ETF's (XHB) 49.8% rise over the past year, compared to the aggregate S&P 500's 21.8% rise, substantiates investors' interest in the housing sector.

Considering these trends, let's take a look at the fundamentals of the three Homebuilders stocks.

*Stocks To Buy:*

**Hovnanian Enterprises, Inc. (HOV)**

HOV designs, constructs, markets, and sells residential homes in the U.S. Its segment includes Homebuilding and Financial Services.

On January 15, HOV introduced Salerno Reserve, a new community of single-family homes in Stuart. Salerno Reserve offers

LOOKS: a designer-curated collection of beautiful interiors. Buyers can choose between Loft, Farmhouse, Classic, or Elements LOOKS and enjoy cohesive style without the stress.

Salerno Reserve offers six home designs with up to 5 bedrooms, four baths, and 3,208 square feet, including options for the Extra Suite and Extra Suite Plus, designed for multigenerational living.

On December 14, 2023, HOV introduced Locke Landing, a new community of townhomes within the mixed-use development Baltimore Peninsula. Locke Landing is HOV's first Baltimore community to offer LOOKS: designer-curated collections of beautiful interiors. Buyers can choose from 4 unique interiors: Loft, Farmhouse, Classic, or Elements, and enjoy cohesive style without the stress.

HOV's trailing-12-month cash per share of $71.23 is significantly higher than the industry average of $2.33. Its trailing-12-month levered FCF and net income margins of 10.77% and 7.47% are 101.8% and 63.5% higher than the industry averages of 5.34% and 4.57%, respectively.

For the fiscal fourth quarter that ended October 31, 2023, HOV's total revenues increased marginally year-over-year to $887.03 million, while non-GAAP net income before income taxes, excluding land-related charges and loss on extinguishment of debt increased 38.4% year-over-year to $143.56 million.

For the same quarter, its net income available to common stockholders and net income per common share stood at $94.60 million and $13.05, up 78.6% and 80.2% from the prior-year quarter, respectively. Moreover, its adjusted EBITDA increased 25.5% from the year-ago quarter to $181.22 million.

For the first quarter of fiscal 2024, the company expects total revenues between $525 million and $625 million, and adjusted EBITDA is expected to be between $55 million and $70

million.

The stock has gained 214.3% over the past year to close the last trading session at $161.62. Over the past three months, it has gained 133.4%.

HOV's solid fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, translating to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 distinct factors, with each factor weighted to an optimal degree.

HOV has an A grade for Value and Momentum and a B for Growth. Within the B-rated Homebuilders industry, it is ranked #5 out of 23 stocks.

Beyond what we've stated above, we have also rated the stock for Stability, Sentiment, and Quality. Get all ratings of HOV here.

**Lennar Corporation (LEN)**

LEN operates as a homebuilder primarily under the Lennar brand in the United States. It operates through Homebuilding East; Homebuilding Central; Homebuilding Texas; Homebuilding West; Financial Services; Multifamily; and Lennar Other segments.

On January 9, LEN's Board of Directors announced a quarterly dividend of $0.50 per share for both Class A and Class B common stock. The dividend is payable to holders on February 7.

Its annualized dividend rate of $2 per share translates to a dividend yield of 1.29% on the current share price. Its four-year average yield is 1.11%. LEN's dividend payments have grown at CAGRs of 29.4% and 59% over the past three and five years, respectively.

LEN also announced that its Board of Directors authorized an increase to the company's stock repurchase program to enable

the company to repurchase up to an additional $5 billion in value of its outstanding Class A or Class B common stock.

LEN’s trailing-12-month cash from operations of $5.30 billion is significantly higher than the industry average of $262.60 million. Its trailing-12-month levered FCF and net income margins of 13.29% and 11.50% are 149% and 151.8% higher than the industry averages of 5.34% and 4.57%, respectively.

For the fiscal fourth quarter that ended November 30, 2023, LEN’s total revenues and EBIT increased 7.8% and 1.7% year-over-year to $10.97 billion and $1.85 billion, respectively.

For the same quarter, its net earnings attributable to LEN and earnings per share stood at $1.36 billion and $4.82, up 2.9% and 5.9% from the prior-year quarter, respectively. As of November 30, 2023, LEN’s cash and cash equivalents stood at $6.27 billion, compared to $4.62 billion as of November 30, 2022.

Street expects LEN’s revenue and EPS for the fiscal first quarter of 2024 (ending February 2024) to increase 13.9% and 4.5% year-over-year to $7.39 billion and $2.22, respectively. The company surpassed consensus revenue and EPS estimates in each of the trailing four quarters, which is impressive.

The stock has gained 60.1% over the past year to close the last trading session at $155.27. Over the past three months, it has gained 49.1%.

LEN’s robust prospects are reflected in its POWR Ratings. The stock has an overall B rating, equating to Buy in our proprietary rating system.

LEN has an A grade for Momentum and a B for Sentiment and Quality. It is ranked #4 within the same industry.

Click here for the additional POWR Ratings for LEN (Growth, Value, and Stability).

*Stock To Hold:*

**D.R. Horton, Inc. (DHI)**

DHI operates as a homebuilding company in the East, North, Southeast, South Central, Southwest, and Northwest regions in the U.S. The company's segments include Homebuilding; Rental; Forestar; Financial Services; and Others.

On November 28, 2023, DHI paid stockholders a quarterly cash dividend of $0.30 per common share, an increase of 20% compared to its most recent dividend paid. Its annualized dividend rate of $1.20 per share translates to a dividend yield of 0.76% on the current share price.

Its four-year average yield is 1.02%. DHI's dividend payments have grown at CAGRs of 13.1% and 14.9% over the past three and five years, respectively.

Additionally, the company repurchased 3.50 million shares of common stock for $423.10 million during the fourth quarter of fiscal year 2023. In October 2023, the Board of Directors authorized the repurchase of up to $1.5 billion of the company's common stock, replacing the previous authorization, which at that time had $32.8 million remaining due to repurchases made subsequent to year-end.

DHI's trailing-12-month cash from operations of $4.30 billion is significantly higher than the industry average of $262.62 million. Its trailing-12-month EBIT and net income margins of 17.65% and 13.38% are 134.9% and 192.9% higher than the industry averages of 7.51% and 4.57%, respectively.

For the fiscal fourth quarter that ended September 30, 2023, DHI's revenues increased 9% year-over-year to $10.50 billion, while income before income taxes stood at $2.02 billion. For the same quarter, its net income attributable to DHI and net income per common share attributable to DHI stood at $1.51 billion and $4.45, respectively.

As of September 30, 2023, DHI's total cash, cash equivalents and restricted cash stood at $3.90 billion, compared to $2.54 billion as of September 30, 2022.

Street expects DHI's revenue and EPS for the fiscal first quarter of 2024 (ended December 2023) to increase 4.4% and 4.2% year-over-year to $7.58 billion and $2.88, respectively. The company surpassed consensus revenue and EPS estimates in each of the trailing four quarters.

The stock has gained 66.9% over the past year to close the last trading session at $157.70. Over the past three months, it has gained 56.7%.

DHI's fundamentals are reflected in its POWR Ratings. The stock has an overall C rating, equating to Neutral in our proprietary rating system.

The stock has an A grade for Momentum and Sentiment and a B for Quality. Within the same industry, it is ranked #9.

To see additional POWR Ratings for Growth, Value, and Stability for DHI, click here.

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DHI shares were unchanged in premarket trading Tuesday. Year-to-date, DHI has gained 3.76%, versus a 1.71% rise in the benchmark S&P 500 index during the same period.

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## About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

The post **Buy, Sell, or Hold These 3 Homebuilder Stocks?** appeared first on **StockNews.com**

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# Buy or Sell? 3 Air Defense Stocks on the Radar

Amid escalating geopolitical unrest worldwide, the defense sector is anticipated to remain buoyed amid substantial investments in advanced technologies in this field. Given this backdrop, let’s analyze defense stocks FTAI Aviation (FTAI), TransDigm Group (TDG), and Astronics Corporation (ATRO) to determine the best investment opportunity in this space. Read on….

The ever-changing geopolitical landscape highlights the importance of constant advancement in the defense technology field. Firms within this sector are strategically placing themselves at the forefront of technological evolution.

Given the industry's promising outlook, in this piece, we evaluate three air defense stocks to illustrate their potential in helping investors capitalize on the prevailing industry tailwinds.

Solid buy candidates for 2024 appear to be TransDigm Group Incorporated (TDG) and Astronics Corporation (ATRO), given their robust fundamentals. Conversely, I think FTAI Aviation Ltd. (FTAI) should be best avoided, given its weak fundamentals.

Let's first look at what's shaping the air defense industry before delving deeper into the fundamentals of the three stocks.

Over the past few years, a continual uptick in global military expenditure has been observed. This rise can be attributed to the mounting geopolitical turmoil, including the Israel-Hamas hostilities, Russia's incursion into Ukraine, tensions in the South China Sea, and Iran-Pakistan airstrikes. The investment by nations in reinforcing their military prowess has, in turn, resulted in an escalating demand for military aircraft to bolster their defensive arsenals.

In 2023, defense expenditure in the U.S. reached $746 billion and is projected to soar to $1.10 trillion by 2033.

Defense corporations primarily rely on a single customer – the U.S. government – for the lion's share of their revenue. Fortunately, the federal government's financial stability and reliability allow defense companies and investors to manage cash flows and forecast growth with a degree of certainty.

The U.S. Congress has given its stamp of approval to a

substantial defense budget of $886 billion for the fiscal year 2024. Moreover, the requested budget for the U.S. Air Force stands at approximately $259.24 billion, which includes funds allocated for the Space Force.

2024 promises to be a pivotal year for the future potency of the U.S. Air Force. This is considering its drive toward modernization that encompasses the deployment of several revolutionary technologies. Bolstered by technologically superior weaponry and aircraft as well as the increasing integration of state-of-the-art technologies, it is predicted that the global air defense systems market could reach $71.73 billion by 2032, growing at a of 5.1%.

In light of these trends, let’s look at the fundamentals of the three Air/Defense Services stocks, beginning with the weakest from the investment point of view.

**Stock #3: FTAI Aviation Ltd. (FTAI)**

FTAI owns and acquires infrastructure and related equipment for the transportation of goods and people worldwide. It operates through the Aviation Leasing and Aerospace Products segments.

FTAI’s trailing-12-month asset turnover ratio of 0.46x is 43.1% lower than the industry average of 0.81x, while its trailing-12-month cash from operations of $117.41 million is 59.7% lower than the industry average of $291.24 million.

For the fiscal third quarter that ended September 30, 2023, FTAI’s total revenues and net income attributable to shareholders stood at $291.10 million and $32.97 million, respectively. Moreover, its total expenses increased 17.9% year-over-year to $246.59 million.

For the same quarter, its earnings per share from continuing operations came at $0.33, while adjusted EBITDA came at $154.22 million. For the nine months that ended September 30,

2023, its cash and cash equivalents and restricted cash, end of period declined 27.3% from the year-ago period to $52.88 million.

Street expects FTAI's revenue and EPS in the fiscal first quarter ending March 2024 to be $291.25 million and $0.41, respectively. The company failed to surpass consensus EPS estimates in three of the trailing four quarters.

The stock has gained 1.3% intraday to close the last trading session at $50.16.

FTAI's bleak fundamentals are reflected in its POWR Ratings. The stock has an overall D rating, equating to Sell in our proprietary rating system. The POWR Ratings are calculated by considering 118 distinct factors, with each factor weighted to an optimal degree.

The stock has a D grade for Value and Sentiment. Within the Air/Defense Services industry, it is ranked #57 out of 73 stocks.

To see additional POWR Ratings for Growth, Momentum, Stability, and Quality for FTAI, click here.

**Stock #2: TransDigm Group Incorporated (TDG)**

TDG designs, produces, and supplies aircraft components in the United States and internationally. The company operates through Power & Control; Airframe; and Non-aviation segments.

On November 27, 2023, TDG paid a special cash dividend of $35 on each outstanding share of common stock and cash dividend equivalent payments under options granted under its stock options plans.

This will leave the company with significant liquidity and financial flexibility to meet any likely range of capital requirements or other opportunities. Moreover, TDG is continuously evaluating its capital allocation options and is

pleased to return this amount of capital to its shareholders.

On November 9, 2023, TDG acquired the Electron Device Business of Communications & Power Industries, a portfolio company of TJC, L.P., for approximately $1.39 billion in cash.

This acquisition fits well with TDG’s long-standing strategy. TDG expects this acquisition to create equity value in line with its long-term private equity-like return objectives.

TDG’s trailing-12-month cash per share of $62.78 is significantly higher than the industry average of $2.13. Its trailing-12-month EBIT and EBITDA margins of 44.71% and 48.78% are 353.9% and 257.7% higher than the industry averages of 9.85% and 13.64%, respectively.

For the fiscal fourth quarter that ended September 30, 2023, TDG’s net sales and gross profit increased 22.6% and 23.3% year-over-year to $1.85 billion and $1.09 billion, respectively.

For the same quarter, its adjusted net income and adjusted earnings per share stood at $460 million and $8.03, up 47% and 46% from the prior-year quarter, respectively. Moreover, its EBITDA as defined increased 28.1% from the year-ago quarter to $963 million.

Street expects TDG’s revenue and EPS for the fiscal second quarter ending March 2024 to increase 17.1% and 29.1% year-over-year to $1.86 billion and $7.72, respectively. The company surpassed consensus revenue and EPS estimates in each of the trailing four quarters, which is impressive.

The stock has gained 66% over the past year to close the last trading session at $1,057.13. Over the past nine months, it has gained 44.1%.

TDG’s solid fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, translating to Buy in

our proprietary rating system.

TDG has a B grade for Growth, Momentum, and Quality. Within the same industry, it is ranked #24.

Beyond what we've stated above, we have also rated the stock for Value, Stability, and Sentiment. Get all ratings of TDG here.

**Stock #1: Astronics Corporation (ATRO)**

ATRO designs and manufactures products for the aerospace, defense, and electronics industries. The company operates in two segments: Aerospace and Test Systems.

ATRO's trailing-12-month asset turnover ratio of 1.06x is 30.9% higher than the industry average of 0.81x.

For the fiscal third quarter that ended September 30, 2023, ATRO's sales and gross profit increased 24% and 43.3% year-over-year to $162.92 million and $20.62 million, respectively. Moreover, its adjusted EBITDA increased significantly from the prior-year quarter to $8.83 million.

For the nine months that ended September 30, 2023, its cash and cash equivalents and restricted cash at end of period stood at $7.65 million, up 197.9% from the year-ago period.

Street expects ATRO's revenue for the fiscal first quarter ending March 2024 to increase 15.3% year-over-year to $180.48 million. Its EPS is expected to be $0.11 for the same quarter. The company surpassed consensus revenue estimates in three of the trailing four quarters.

The stock has gained 63.2% over the past year to close the last trading session at $16.87. Over the past three months, it has gained 9.8%.

ATRO's robust prospects are reflected in its POWR Ratings. The stock has an overall B rating, equating to Buy in our

proprietary rating system.

ATRO has a B grade for Momentum. It is ranked #21 within the same industry.

Click here for the additional POWR Ratings for ATRO (Growth, Value, Stability, Sentiment, and Quality).

***What To Do Next?***

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these "death trap" stocks are lurking in your portfolio:

**10 Stocks to SELL NOW! >**

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TDG shares were unchanged in premarket trading Monday. Year-to-date, TDG has gained 4.50%, versus a 1.50% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi's interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

The post **Buy or Sell? 3 Air Defense Stocks on the Radar** appeared first on **StockNews.com**

https://www.entrepreneur.com/finance/buy-or-sell-3-air-defense-stocks-on-the-radar/468629

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# 2024 Energy Watchlist Unveiled

Despite the shift toward more sustainable energy solutions, escalating demand for oil and gas coupled with supply reductions and geopolitical instability may trigger a significant surge in prices, leading to a considerable revitalization of the energy industry. To that end, energy stocks Hess Midstream LP (HESM), CrossAmerica Partners LP (CAPL), MRC Global (MRC), and Precision Drilling Corporation (PDS) could be ideal watchlist additions. Read on….

With escalating global energy demands and constricted supply levels, crude oil prices in 2024 are predicted to remain closely aligned with those of the previous year. Additionally, potential surges could occur amid heightened geopolitical instability, including escalating conflicts in the Middle East and seaborne attacks within the Red Sea zone.

Amid this backdrop, it could be wise to add quality oil and gas stocks Hess Midstream LP (HESM), CrossAmerica Partners LP (CAPL), MRC Global Inc. (MRC), and Precision Drilling Corporation (PDS) to your watchlist in 2024.

Although the shift toward renewable energy continues to gain

momentum, oil and gas demand is concurrently rising. The IEA's monthly report anticipates an oil demand growth of 1.24 million barrels per day (bpd) in 2024. The upward projection is being attributed to improving global economic health and the declining crude oil prices during the last quarter, complemented by continued expansion in China's petrochemical industry.

Increased investment in oil and gas drilling technologies such as hydraulic fracturing and horizontal drilling has led to a significant uptick in the oil and gas extraction industry's output in the U.S. It's noteworthy that these innovations enabled enhanced yields from reservoirs previously considered barren.

In 2023, Master Limited Partnerships and the broader midstream sector exhibited solid performance within the energy sector, yielding total returns of 23.8% and 14%, respectively. Looking forward to 2024, the industry is set to consistently generate free cash flow and return capital to shareholders through increased dividends and strategic buybacks.

The ongoing geopolitical disturbances in the Red Sea region – the continuous attacks by Yemen-based Houthi militants, have introduced additional challenges to oil trading activities. In addition, OPEC+ production cuts, combined with disruptions in oil production in Libya, have bolstered a bullish environment for oil prices.

The U.S. Energy Administration (EIA), in its Short-Term Energy Outlook (STEO), forecasts Brent crude oil prices to average at $82 per barrel (b) for 2024 and fall slightly to $79/b in 2025, resonating closely with the 2023 average of $82/b.

Given the industry tailwinds, it's time to examine the fundamentals of the four stocks to watch in the energy industry.

**Hess Midstream LP (HESM)**

HESM owns, develops, operates, and acquires midstream assets, including natural gas and crude oil gathering systems, processing plants, storage facilities, and terminal assets across three segments: Gathering; Processing & Storage; and Terminaling & Export.

On November 14, 2023, HESM announced that it was set to repurchase approximately $100 million worth of Class B units through its subsidiary from sponsors Hess Corporation and Global Infrastructure Partners.

The move aims to enhance distributable cash flow per Class A share and supports the ongoing return of capital to shareholders, with $1.55 billion returned through unit repurchases since 2021. The transaction closed on November 16, 2023.

The company pays $2.47 annually as dividends, which translates to a yield of 7.69% on the prevailing price level. Its four-year average dividend yield is 8.08%. Its dividend payments have grown at CAGRs of 11% and 11.8% over the past three and five years, respectively.

HESM’s trailing-12-month EBIT margin of 61.47% is 188.5% higher than the industry average of 21.31%. Moreover, its trailing-12-month levered FCF margin of 29.67% is 413.9% higher than the industry average of 5.77%.

In the fiscal third quarter ended September 2023, HESM generated total revenues of $363.10 million, up 8.5% year-over-year. The company’s net income and adjusted EBITDA grew 3.4% and 6.9% from the prior-year quarter to $164.80 million and $271 million, respectively. Net income attributable to HESM per Class A share increased 7.5% year-over-year to $0.57.

For the fourth quarter of 2023, the company expects net income to be around $160 million and adjusted EBITDA to be approximately $270 million.

Street expects HESM's revenue and EPS to grow 20.7% and 45.8% year-over-year to $368.11 million and $0.69, respectively, for the fiscal first quarter ending March 2024.

HESM's shares have gained 13.3% over the past nine months to close the last trading session at $32.13. It gained 4.5% over the past three months.

HESM's POWR Ratings reflect an optimistic outlook. The stock has an overall rating of B, equating to a Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

The stock has a B grade for Growth, Momentum, and Quality. Within the A-rated MLPs – Gas industry, it is ranked first of two stocks.

For HESM's additional Value, Stability, and Sentiment ratings, click here.

**CrossAmerica Partners LP (CAPL)**

CAPL is involved in the wholesale distribution of motor fuels, operation of convenience stores, and ownership and leasing of real estate used in the retail distribution of motor fuels. The company operates through Wholesale and Retail segments.

On November 10, CAPL paid a quarterly dividend of $0.5250 per unit to all unitholders attributable. Its annualized dividend rate of $2.10 per share translates to a dividend yield of 9.11% on the current share price. Its four-year average yield is 11.44%.

CAPL's trailing-12-month asset turnover ratio of 3.42x is 519.5% higher than the industry average of 0.55x. Moreover, its trailing-12-month ROCE of 102.13% is 415.4% higher than the industry average of 19.81%.

In the fiscal third quarter that ended September 30, 2023, CAPL's operating revenues and gross profit stood at $1.21

billion and $100.44 million, respectively. Moreover, its adjusted EBITDA stood at $44.21 million.

For the same quarter, net income available to limited partners and earnings per common unit stood at $11.66 million and $0.31, respectively. Also, as of September 30, 2023, the company's total current assets stood at $123.26 million, compared to $118.41 million as of December 31, 2022.

CAPL's revenue for the fiscal first quarter ending March 2024 is expected to grow 11.4% year-over-year to $1.13 billion, while EPS for the same quarter is expected to come at $0.12. The company surpassed consensus EPS estimates in three of the trailing four quarters.

The stock has gained 9.4% over the past year and 20% over the past six months to close the last trading session at $23.04.

CAPL's robust prospects are reflected in its POWR Ratings. The stock has an overall A rating, equating to a Strong Buy in our proprietary rating system.

CAPL has an A grade for Growth and Sentiment and a B for Stability. It is ranked #2 out of 26 stocks within the A-rated MLPs – Oil & Gas industry.

Beyond what we've stated above, to see the additional ratings for Value, Momentum, and Quality, click here.

**MRC Global Inc. (MRC)**

MRC distributes pipes, valves, fittings, and other infrastructure products and services to the gas utility, energy, and industrial end-markets in the United States, Canada, and internationally. In addition, it offers natural gas distribution products and oilfield and industrial supplies.

On September 27, MRC Global (US) Inc., an MRC subsidiary, extended its Enterprise Framework Agreement with Shell plc

(SHEL) until the year 2028.  Under this global agreement, MRC will continue to serve as a crucial provider of pipe, valves, and fittings, along with on-demand valve actuation services for SHEL across its upstream, midstream, and downstream assets.

Prominent initiatives currently assisted by MRC comprise SHEL's Holland Hydrogen 1 project, set to become the largest green hydrogen plant in Europe, and the Red II Green project situated in The Netherlands.

MRC's trailing-12-month ROCE of 21.79% is 77.8% higher than the 12.25% industry average. Likewise, its trailing-12-month asset turnover ratio of 1.81x is 123.6% higher than the 0.81x industry average.

For the fiscal third quarter, which ended on September 30, 2023, MRC's sales amounted to $888 million, while its gross profit rose 10.9% from the year-ago value to $183 million.

In addition, its operating income grew 26.7% from the prior-year quarter to $57 million. The company's net income and EPS came in at $35 million and $0.33, up 45.8% and 57.1% year-over-year, respectively.

Street expects MRC's revenue and EPS for the fiscal first quarter ending March 2024 to come at $847.75 million and $0.27, respectively. Additionally, the company's EPS is projected to improve by 15% annually over the next five years.

Over the past nine months, MRC's shares have surged 7.6% to close the last trading session at $10.23.

MRC's strong fundamentals are reflected in its POWR Ratings. It has an overall rating of B, which equates to Buy in our proprietary rating system.

It has an A grade for Momentum and a B for Value. Within the 52 stocks in the Energy – Services industry, it is ranked #3.

Click here to see the other ratings of MRC for Growth, Stability, Sentiment, and Quality.

**Precision Drilling Corporation (PDS)**

Headquartered in Calgary, Canada, PDS provides onshore drilling, completion, and production services primarily to oil and natural gas and geothermal exploration and production companies in North America and the Middle East. The company operates through two segments: Contract Drilling Services and Completion and Production Services.

Over the past two years, PDS reduced its debt by $258 million and lowered the net debt to adjusted EBITDA leverage ratio1, which the company expects to be below 1.5 times as at December 31, 2023. The company is well on track to exceed its long-term debt reduction target of repaying $500 million between 2022 and 2025 and reaching a sustained net debt to adjusted EBITDA leverage ratio of below 1.0 times by the end of 2025.

During 2023, PDS returned $30 million to shareholders through share repurchases under its Normal Course Issuer Bid and as at December 31, 2023, had 14,336,539 shares outstanding. With a robust free cash flow outlook, it plans to improve its capital returns to shareholders in 2024 by increasing debt reduction and share buyback allocations.

In November, PDS acquired CWC Energy Services Corp. for C$127 million ($94.55 million). CWC’s total consideration included 947,807 PDS common shares, roughly C$14 million ($10.42 million) cash, and the undertaking of CWC’s net debt of approximately C$38 million ($28.29 million), excluding transaction costs.

The strategic acquisition is set to position PDS as a leading well service provider within Canada and optimize its drilling operations in Canada and the U.S. markets. With the expected synergies from the transaction, PDS anticipates accretion on a 2024 cash flow per share basis and believes this move will

support its continuous deleveraging plan.

As of September 30, the company reduced its total debt by C$126 million ($93.81 million) and returned C$13 million ($9.68 million) to shareholders through share repurchases.

PDS' trailing-12-month cash per share of $2.65 is 193.9% higher than the industry average of $0.90, while its trailing-12-month asset turnover ratio of 0.68x is 23.7% higher than the industry average of 0.55x.

In the fiscal third quarter that ended September 30, 2023, PDS' revenue increased 4.1% year-over-year to C$446.75 million ($332.61 million), while adjusted EBITDA stood at C$114.58 million ($85.30 million). Also, cash provided by operations stood at C$88.50 million ($65.89 million), an increase of 987% year-over-year.

Furthermore, the company's net earnings and net earnings per share came at C$19.79 million ($14.74 million) and C$1.45, respectively. As of September 30, 2023, PDS' total current assets stood at C$477.40 million ($355.42 million), compared to C$470.67 million ($350.41 million) as of December 31, 2022.

Street expects PDS' EPS in the fiscal first quarter ending March 2024 to come at $2.63. Its revenue is expected to increase 1.5% year-over-year to $415.75 million. The company surpassed consensus revenue estimates in three of the trailing four quarters.

The stock has gained 2% over the past month to close the last trading session at $55.61. Over the past nine months, it has gained 8.6%.

It's no surprise that PDS has an overall rating of B, which equates to Buy in our proprietary rating system.

It has a B grade for Growth, Value, Momentum, and Quality. Within the 15-stock Energy – Drilling industry, it is ranked

first.

In addition to the POWR Ratings we stated above, we have also given PDS ratings for Stability and Sentiment. Get all PDS ratings here.

***What To Do Next?***

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these "*death trap*" stocks are lurking in your portfolio:

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HESM shares were unchanged in premarket trading Monday. Year-to-date, HESM has gained 1.58%, versus a 1.50% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi's interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

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https://www.entrepreneur.com/finance/2024-energy-watchlist-unveiled/468624

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# Breakout for Stocks or Fake Out?

Once again stocks flirted with the all time highs for the S&P 500 (SPY). This has happened 2 times recent both leading to failure and this 3rd time doesn't seem to be the charm either. What is holding stocks back from making new highs? And what should an investor do to find better performance? 43 year investment veteran Steve Reitmeister shares his view including a preview of his 11 favorite stock picks now. Read on below for the answers.

In my recent commentaries I have speculated that we were due for a trading range to digest some of the rampant gains at the end of 2023. However, so far it has been more of a consolidation under the all time highs at 4,796 for the S&P 500 (SPY).

Consolidations are simply much tighter trading ranges. That investors refuse to have a serious sell off while also not being ready to climb higher. Kind of feels like cars revving up at the starting line of a race…*lots of noise, but going nowhere.*

We will discuss more of the reasons behind this consolidation and when stocks should be ready to race ahead.

**Market Commentary**

Stocks have tried twice over to make new all time highs above 4,800 for the S&P 500. And twice thwarted at that level followed by share pullbacks.

Yes it looks like Thursday's action signals a 3rd such attempt. Yet that was a very hollow rally with the usual suspects in the S&P 500 doing well with small caps and other riskier stocks lagging. That is not the sign of a healthy bull. And give very low odds of breaking to new highs.

(1/20/24 update: Yes, the S&P 500 officially made new highs above 4,800 on Friday. I honestly thought it was a fairly hollow rally mostly led by the usual mega cap tech stocks and not such a broad rally. Meaning I do not believe this rally has staying power and likely will fall back below 4,800 this coming week. And at best we consolidate just above 4,800 with little true upside coming in the days ahead).

Some are pointing to economic data being too weak as the problem. Such as the horrific -43 showing for the Empire State Manufacturing Index on Tuesday.

While others are pointing to economic data being too strong like Retail Sales being above expectations on Thursday. This had 10 Year Treasury rates breaking further above 4% and also lowered the odds of the first rate cut coming at the March Fed meeting.

Sorry folks…you can't have it both ways. And perhaps the answer is that neither of these theses are correct.

Meaning I don't believe that investors are truly worried about a looming recession. Nor are they fearful of rates spiking again as they did in the Fall of 2023.

Simply, the market has come a long way from bear market bottom in October 2022. A total gain of 37% from that valley to now

is a lot of profit in a short time when the long term average annual gain for the S&P 500 is only 8%.

So now is a healthy time for an extended pause. The same way you would take a long break after running a marathon.

Rest is what is needed. And then gaining the strength for the next run higher.

In the stock market world that typically comes hand in hand with a pullback in price leading to a trading range. Along with that you will see these investment terms show up more often:

- Profit taking
- Sector rotation
- Change of leadership
- Buy the Dip
- The Pause that Refreshes
- And so on…

Yet right now the most apt term is consolidation. As shared up top, that is simply a very tight trading range right under a point of resistance. Currently that resistance corresponds with the all time closing highs at 4,796…but for simplicity easier to think of it as 4,800.

The point is at this stage it is healthy and normal for stocks to relax after such a long run higher. Don’t be surprised if the consolidation does turn into a wider trading range with a subsequent test of the 50 day moving average at 4,628 being a likely downside target.

Moving Averages: 50 Day (yellow), 100 Day (orange), 200 Day (red)

A break below 4,600 is unlikely without some greater fundamental concerns arising. But let’s do appreciate the 2 next levels of price support rest at 4,488 for 100 day moving average and about 4,400 for the 200 day moving average.

Your trading plan should be to stay bullish. Use any subsequent pullback as a buy the dip opportunity. NOT for the stocks that led the charge in 2023. That game plan is played out.

Instead valuation and quality will be held in higher regard this year as the overall PE of the market is not cheap. GAARP

is fine (Growth At A Reasonable Price)…but not growth at ANY price like last year.

If you want my favorite stock ideas for 2024, then read on below…

***What To Do Next?***

Discover my current portfolio of 11 stocks packed to the brim with the outperforming benefits found in our exclusive POWR Ratings model.

Yes, that same POWR Ratings model generating nearly 4X better than the S&P 500 going back to 1999.

Plus I have selected 2 special ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead.

These 13 top trades are based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these lucky 13 hand selected trades, then please click the link below to get started now.

Steve Reitmeister's Trading Plan & Top Picks >

*Wishing you a world of investment success!*

Steve Reitmeister…*but everyone calls me Reity (pronounced "Righty")*
CEO, StockNews.com and Editor, Reitmeister Total Return

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SPY shares were trading at $477.39 per share on Friday

morning, up $0.90 (+0.19%). Year-to-date, SPY has gained 0.44%, versus a % rise in the benchmark S&P 500 index during the same period.

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## About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

More…

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https://www.entrepreneur.com/finance/breakout-for-stocks-or-fake-out/468597

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# 4 Medical Stocks on the Rise for 2024 Gains

The healthcare industry harbors a robust stance capable of withstanding various market challenges, thanks to the ceaseless requisite for its services. This is entwined with an escalating demand for healthcare facilities, pharmaceutical

solutions, and pioneering medical breakthroughs, laying a robust foundation for the industry's continued prosperity. Given this backdrop, fundamentally strong medical stocks UnitedHealth Group (UNH), CVS Health (CVS), Select Medical Holdings (SEM), and Zynex (ZYXI) could be solid buys for 2024 gains. Read on….

Over the years, the healthcare sector has consistently played a vital role in society, driven by the consistent demand for healthcare services and advancements. As we see increasing numbers of aging populations and the continuous rise of chronic diseases, the call for advanced pharmaceuticals, medical technologies, and progressive treatments is anticipated to escalate.

Considering the promising prospects of the medical industry, it could be wise to add quality medical stocks UnitedHealth Group Incorporated (UNH), CVS Health Corporation (CVS), Select Medical Holdings Corporation (SEM), and Zynex, Inc. (ZYXI) to one's portfolio.

The soaring elderly population, a higher incidence of chronic Non-Communicable Diseases (NCDs), and growing health awareness offer significant growth opportunities for the healthcare sector as it strives to keep up with the mounting demand for medical services.

The onset of winter in the U.S., along with a probable rise in flu, COVID-19, and Respiratory Syncytial Virus (RSV) cases, underscores the urgency for amplified medical responses. For instance, as of the week ending January 6, weekly COVID hospitalizations escalated to 35,801 – marking the ninth consecutive week of rises. The U.S. hospital market is projected to hit a revenue of $1.48 trillion by 2024.

Simultaneously, the ongoing global digital revolution is setting the stage for numerous opportunities within the digital health realm. Technological breakthroughs in

telemedicine, automated surgery, wearable health tech devices, and health informatics are poised to dramatically reshape the industry.

The digital health market is projected to expand at a CAGR of 23.3% to reach $1.97 trillion by 2030.

Staying at the forefront of technological innovation continues to be a priority for the healthcare industry. With projections showing the global medical devices market reaching $996.93 billion by 2032 at a CAGR of 5.8%, it’s clear that the industry is leveraging these technological leaps for its expansion.

Furthermore, amid the annual uptick in medical expenses, health insurance continues to be a critical buffer against fiscal distress. The global health insurance market, expected to reach $4.37 trillion by 2030, growing at a 7.3% CAGR, is primed for steady expansion due to heightened cognizance about the benefits of health coverage and an anticipated rise in the senior populace.

Given the industry tailwinds, it’s time to examine the fundamentals of the stocks to buy in the medical industry.

**UnitedHealth Group Incorporated (UNH)**

UNH is a diversified healthcare company in the U.S., operating through four segments: UnitedHealthcare; OptumHealth; OptumInsight; and OptumRx.

From January 1, 2024, UNH has placed eight preferred insulin products on tier one of standard commercial formularies, limiting out-of-pocket spending to $35 or less.

On December 12, UNH paid a quarterly cash dividend of $1.88 per share of UNH common stock. UNH has paid dividends for 21 consecutive years, indicating its shareholder payback abilities.

Its annualized dividend rate of $7.52 per share translates to a dividend yield of 1.43% on the current share price. Its four-year average yield is 1.33%. UNH’s dividend payments have grown at CAGRs of 14.7% and 16.1% over the past three and five years, respectively.

During 2023, the company returned $14.8 billion to shareholders through dividends and share repurchases.

UNH’s trailing-12-month asset turnover ratio of 1.43x is 262.5% higher than the industry average of 0.98x, while its trailing-12-month EBITDA margin of 9.78% is 108% higher than the industry average of 4.70%.

UNH’s total revenues for the fiscal fourth quarter that ended December 31, 2023, increased 14.1% year-over-year to $94.42 billion. Its earnings from operations rose 11.6% year-over-year to $7.69 billion.

For the same quarter, adjusted net earnings attributable to UNH common shareholders and adjusted earnings per share stood at $5.76 billion and $6.16, up 13.8% and 15.4% from the prior-year quarter, respectively. As of December 31, 2023, its total current assets stood at $78.44 billion, compared to $69.07 billion as of December 31, 2022.

As of December 31, 2023, UNH business served 52.75 million people, a 2% year-over-year growth. This encouraging trend was primarily propelled by membership growth of the company’s domestic commercial and Medicare Advantage businesses.

Street expects UNH’s revenue and EPS in the fiscal first quarter ending March 2024 to increase 8.3% and 8.6% year-over-year to $99.57 billion and $6.80, respectively. The company surpassed consensus revenue and EPS estimates in each of the trailing four quarters, which is impressive.

The stock has gained 6.4% over the past year to close the last trading session at $516.34. Over the past six months, it

gained 6.7%.

UNH’s POWR Ratings reflect its robust prospects. The stock has an overall B rating, equating to a Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 distinct factors, with each factor weighted to an optimal degree.

It has a B grade for Stability and Quality. It is ranked #6 out of 12 stocks in the B-rated Medical – Health Insurance industry.

For UNH’s additional ratings (Growth, Value, Momentum, and Sentiment), click here.

**CVS Health Corporation (CVS)**

CVS provides diverse health services and offers health insurance, pharmacy benefits, and retail products, including prescription drugs and walk-in medical clinics through MinuteClinic. The company operates across three segments: Health Care Benefits; Pharmacy Services; and Retail/LTC.

On December 15, CVS announced a quarterly dividend of $0.665 per share on the common stock of the corporation, payable to the holders on February 1, 2024. Moreover, it boasts a 26-year record for consecutive years of dividend payments.

The company pays $2.66 annually as dividends, which translates to a yield of 3.45% on the prevailing price level. Its four-year average dividend yield is 2.74%. The company has raised its dividend payouts at a CAGR of 6.6% and 3.9% over the past three and five years.

On December 6, CVS awarded $2 million in Hometown Fund grants to organizations in Connecticut, Massachusetts, and Rhode Island, focusing on improving access to equitable health care and addressing social determinants of health.

CVS’ trailing-12-month EBIT margin of 4.05% is 747.1% higher

than the industry average of 0.48%. Its trailing-12-month levered FCF margin of 3.46% is 981.3% higher than the 0.32% industry average.

In the fiscal third quarter that ended September 30, 2023, CVS reported total revenues of $89.76 billion, up 10.6% from the prior-year quarter. The company's adjusted operating income and income per common share attributable to CVS grew 2.5% and 1.8% year-over-year to $4.46 billion and $2.21, respectively.

As of September 30, 2023, CVS' total current assets amounted to $70.14 billion, compared to $65.63 billion as of December 31, 2022.

For the full year of 2023, the company projects its adjusted EPS between $8.50 and $8.70. Additionally, the cash flow from operations is expected to be between $12.50 billion and $13.50 billion.

Street expects CVS' revenue to grow 3.6% year-over-year to $88.34 billion for the fiscal first quarter ending March 2024. Its EPS for the same quarter is expected to be $2.02. The company surpassed the revenue and EPS estimates in each of the trailing four quarters.

CVS' shares have gained 2.9% over the past six months and 1.7% over the past three months to close the last trading session at $73.88.

CVS' POWR Ratings reflect its sound outlook. The stock has an overall rating of B, equating to a Buy in our proprietary rating system.

CVS has a B grade for Value, Stability, and Sentiment. Within the B-rated Medical – Drug Stores industry, it is ranked first among three stocks.

In addition to the POWR Ratings stated above, one can access CVS' additional Growth, Momentum, and Quality ratings here.

## Select Medical Holdings Corporation (SEM)

SEM operates critical illness recovery hospitals, rehabilitation hospitals, outpatient rehabilitation clinics, and occupational health centers in the United States. It operates through four segments: The Critical Illness Recovery Hospital, The Rehabilitation Hospital, The Outpatient Rehabilitation, and The Concentra.

As of September 30, 2023, SEM had operations in 46 states and the District of Columbia. It operated 107 critical illness recovery hospitals in 28 states, 33 rehabilitation hospitals in 13 states, 1,946 outpatient rehabilitation clinics in 39 states and the District of Columbia, 539 occupational health centers in 41 states, and 145 onsite clinics at employer worksites.

On November 28, SEM paid its shareholders a quarterly dividend of $0.125 per share. The company pays $0.50 annually as dividends, which translates to a yield of 1.93% on the prevailing price level. Its four-year average dividend yield is 1.09%.

SEM's trailing-12-month EBIT margin of 7.92% is significantly higher than the industry average of 0.48%. Its trailing-12-month levered FCF margin of 2.09% is 553% higher than the 0.32% industry average.

SEM's net revenue increased 6.2% year-over-year to $1.67 billion for the fiscal third quarter that ended September 30, 2023. Its income from operations grew 42.1% from the prior year's quarter to $129.96 million.

Its adjusted net income attributable to common shares and adjusted net income per share stood at $56.48 million and $0.46, up 115.8% and 119% year-over-year, respectively. In addition, the company's adjusted EBITDA grew 26.6% from the year-ago quarter to $193.84 million.

For the fiscal year of 2023, the company expects its revenue to be between $6.55 billion and $6.7 billion, Adjusted EBITDA between $795 million and $825.0 million, and fully diluted earnings per share between $1.77 and $1.94.

Analysts expect SEM's revenue and EPS for the fiscal first quarter (ending March 2024) to increase 4.4% and 7.5% year-over-year to $1.74 billion and $0.60, respectively. Moreover, the company surpassed the consensus revenue and EPS estimates in three of the trailing four quarters.

The stock has gained 11.2% over the past month and 9.5% over the past three months to close the last trading session at $26.32.

SEM's positive prospects are reflected in its POWR Ratings. The stock has an overall rating of B, which translates to a Buy in our proprietary rating system.

The stock has a B grade for Growth, Value, and Stability. SEM is ranked #6 of 11 stocks within the Medical – Hospitals industry.

To access additional POWR Ratings of SEM for Momentum, Sentiment, and Quality, click here.

**Zynex, Inc. (ZYXI)**

ZYXI designs, manufactures, and markets medical devices to treat chronic and acute pain; and activate and exercise muscles for rehabilitative purposes with electrical stimulation. It provides NexWave, NeuroMove, InWave, and E-Wave. The company also supplies privately labeled products, including electrodes and batteries for use in electrotherapy products.

On November 13, ZYXI submitted a 510(k) application to the U.S. Food and Drug Administration (FDA) for the M-Wave Neuromuscular Electrical Stimulation (NMES) device. The M-Wave

is expected to replace the E-Wave, which has been fundamental in Neuromuscular Electrical Stimulation (NMES) treatments.

“We are excited to introduce the M-Wave, a device that showcases our ongoing commitment to improving the lives of patients dealing with neuromuscular conditions,” said Thomas Sandgaard, CEO at Zynex Medical.

On November 1, ZYXI’s board of directors approved a program to repurchase up to $20 million. The program commenced on November 1, 2023, and is scheduled to terminate before November 1, 2024, or when the $20 million limit is reached.

ZYXI’s trailing-12-month EBIT and levered FCF margins of 10% and 8.13% are significantly higher than the industry averages of 0.48% and 0.32%, respectively. Its trailing-12-month asset turnover ratio of 1.39x is 252.9% higher than the 0.39x industry average.

ZYXI’s net revenue increased 20.2% year-over-year to $49.92 million for the fiscal third quarter that ended September 30, 2023. Its revenue from Devices and Supplies grew 48.5% and 9.6% year-over-year to $16.86 million and $33.06 million, respectively. Its gross profit grew 22.1% from the prior-year quarter to $40.40 million.

In addition, the company’s cash and cash equivalents amounted to $42.52 million as of September 30, 2023, compared to $20.14 million as of December 31, 2022. Moreover, as of September 2023, its total current assets came at $102.92 million, compared to $69.56 million as of December 31, 2023.

Analysts expect ZYXI’s revenue and EPS for the second quarter (ending June 2024) to increase 21.5% and 14.8% year-over-year to $54.62 million and $0.10, respectively. Moreover, the company surpassed the consensus EPS estimates in all four trailing quarters and the consensus revenue estimates in three of the trailing four quarters.

The stock has gained 10.9% over the past six months and 23.5% over the past three months to close the last trading session at $10.34.

It’s no surprise that ZYXI has an overall rating of B, which translates to a Buy in our proprietary POWR rating system.

The stock has an A grade for Quality and a B for Value. ZYXI is ranked #4 of 8 stocks within the A-rated Medical – Consumer Goods industry.

Click here for ZYXI’s additional POWR Ratings for Growth, Momentum, Stability, and Sentiment.

***What To Do Next?***

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

**2024 Stock Market Outlook >**

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UNH shares . Year-to-date, UNH has declined -1.92%, versus a 0.25% rise in the benchmark S&P 500 index during the same period.

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# About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy.Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

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