

Deep Dive

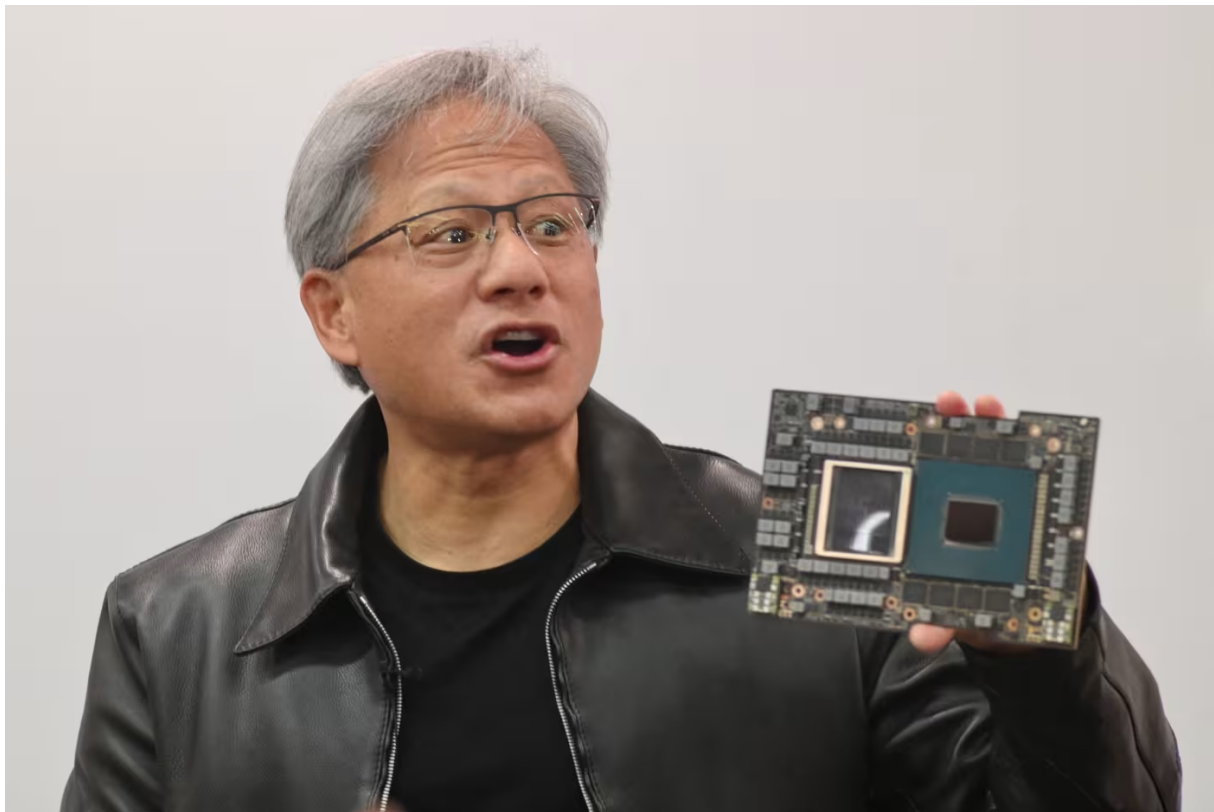
# Nvidia tops list of Wall Street's 20 favorite stocks for 2024

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The stock market has picked up steam now that investors are convinced the Federal Reserve is finished raising interest rates.



Nvidia CEO Jensen Huang has been a dominant presence this year as his company's sales have soared.

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SPX +0.04% ▲ L +0.42% ▲ NVDA +0.21% ▲ FSLR +0.45% ▲ HAL -1.23% ▼ BG -0.38% ▼  
BIO +0.77% ▲ LVS +1.13% ▲ SLB -1.49% ▼ LKO -0.37% ▼ APTV +0.94% ▲ DAL +0.10% ▲

brokerage firms. [Part 2](#) screens small-cap stocks and [Part 3](#) screens midcaps.

Investors have driving quite a bounceback for stocks during 2023, and the trend for gains that started late in October has been gaining steam. Below is a list of the favorite stocks for 2024 among analysts working for brokerage firms.

For perspective, take a look at the S&P 500's return since the end of 2021:



The S&P 500 has returned nearly 26% this year, but it is up only 3.1% since the end of 2021.

#### FACTSET

All returns in this article include reinvested dividends. The chart incorporates the 25.9% increase for the S&P 500 this year, which has followed an 18.1% decline in 2022. So the index is up only 3.1% since the end of 2021. The action in 2022 tracked the Federal Reserve's change in policy to raise the federal-funds rate repeatedly and push long-term rates higher by shrinking its bond portfolio.

And now that investors are convinced the Fed is finished raising rates, with the central bank's [projections](#) even baking-in [three cuts to the federal-funds rate in 2024](#), the S&P 500's upward path has accelerated since late October.

Here is a summary of how the 11 sectors of the S&P 500 have performed, along with forward price-to-earnings ratios. The full index is at the bottom:

Sector or index	2023 return	2022 return	Return since end	Forward P/E	Current P/E to 5-year	Current P/E to 10-year	Current P/E to 15-year
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WSJ	Barron's	MarketWatch	IBD				
Information Technology	57%	-28%	13%	26.6	117%	141%	159%
Communication Services	56%	-40%	-6%	17.4	92%	92%	100%
Consumer Discretionary	43%	-37%	-10%	26.2	86%	102%	118%
Industrials	17%	-5%	11%	19.9	96%	107%	117%
Materials	13%	-12%	-1%	19.4	113%	118%	126%
Real Estate	11%	-26%	-18%	18.0	91%	95%	96%
Financials	11%	-11%	0%	14.5	98%	102%	109%
Healthcare	1%	-2%	-1%	18.1	109%	110%	122%
Energy	0%	66%	66%	11.0	100%	59%	68%
Consumer Staples	-1%	-1%	-1%	19.2	96%	99%	108%
Utilities	-8%	2%	-7%	15.7	86%	90%	99%
S&P 500	26%	-18%	3%	19.6	102%	109%	121%
Source: FactSet							

You will see dire warnings that stocks are overvalued at all times, especially at year-end. So the current forward price-to-earnings ratios are compared with average levels over the past 5, 10 and 15 years. Forward P/E ratios in the table are based on rolling weighted consensus earnings-per-share estimates among analysts polled by FactSet.

Seven sectors are trading at weighted aggregate forward P/E ratios that are below their five-year averages, with utilities cheapest by this measure. That may not be a surprise, as utility stocks are generally relied upon by investors to pay dividends, and valuations for income-producing securities fell as interest rates rose. If we go out to 10 years, five sectors trade below average P/E, while only three sectors trade below their 15-year average P/E levels.

### Analysts' favorite stocks

Sell-side analysts (those who work for brokerage firms) typically set 12-month price targets for stocks. For this screen we began with the S&P 500 and tossed the one company with less than five ratings among analysts polled by FactSet (Lowes Corp. [L](#), an insurer). Then we narrowed the list to 92 companies with at least 75% “buy” or equivalent ratings.

Among these 92 companies, here are the 20 with the most upside potential for 2024 implied by consensus price targets:

WSJ	Barron's	MarketWatch	IBD				
Corteva Inc.		ticker	buy ratings	price	price target	upside potential	P/E
Nvidia Corp.		<a href="#"><u>NVDA</u></a>	94%	\$488.30	\$668.11	37%	24.5
First Solar Inc.		<a href="#"><u>FSLR</u></a>	83%	\$170.39	\$231.56	36%	13.1
Halliburton Co.		<a href="#"><u>HAL</u></a>	87%	\$36.59	\$49.04	34%	10.6
Bunge Global SA		<a href="#"><u>BG</u></a>	77%	\$101.64	\$135.33	33%	8.8
Bio-Rad Laboratories Inc. Class A		<a href="#"><u>BIO</u></a>	75%	\$320.74	\$424.00	32%	27.5
Las Vegas Sands Corp.		<a href="#"><u>LVS</u></a>	83%	\$48.92	\$64.45	32%	16.4
Schlumberger N.V.		<a href="#"><u>SLB</u></a>	93%	\$53.08	\$69.72	31%	14.8
LKQ Corp.		<a href="#"><u>LKQ</u></a>	75%	\$47.80	\$61.89	29%	11.4
Aptiv PLC		<a href="#"><u>APTIV</u></a>	85%	\$89.02	\$113.96	28%	15.1
Delta Air Lines Inc.		<a href="#"><u>DAL</u></a>	96%	\$41.13	\$52.40	27%	6.3
Targa Resources Corp.		<a href="#"><u>TRGP</u></a>	95%	\$86.71	\$107.96	25%	14.5
Corteva Inc		<a href="#"><u>CTVA</u></a>	78%	\$47.46	\$58.53	23%	15.7
Constellation Brands Inc. Class A		<a href="#"><u>STZ</u></a>	83%	\$237.88	\$292.37	23%	18.0
Biogen Inc.		<a href="#"><u>BIIB</u></a>	82%	\$257.97	\$315.48	22%	16.3
Baker Hughes Co. Class A		<a href="#"><u>BKR</u></a>	79%	\$34.12	\$41.58	22%	16.6
Live Nation Entertainment Inc.		<a href="#"><u>LYV</u></a>	80%	\$91.43	\$111.17	22%	41.6
MGM Resorts International		<a href="#"><u>MGM</u></a>	79%	\$44.38	\$53.74	21%	18.6
Elevance Health Inc.		<a href="#"><u>ELV</u></a>	86%	\$466.59	\$563.67	21%	12.6
Jacobs Solutions Inc.		<a href="#"><u>J</u></a>	88%	\$128.07	\$153.17	20%	15.4
Synopsys Inc.		<a href="#"><u>SNPS</u></a>	88%	\$524.46	\$624.57	19%	38.1
Source: FactSet							

Click on the tickers for more about each company.

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