



Should Investors Hold on to These Stocks Trading at 52-Week Highs?

Description

As investors, we should periodically revisit our holdings to determine if it makes sense to keep holding a stock or if it is time to sell either part of a position or even a full position.

Stocks that have had a really good run in a short period of time are good candidates to be revisited, and here we look at two names that are hitting their respective 52-week highs.

Western Forest Products Inc. ([TSX:WEF](#))

By looking at Western Forest Products's financials over the last five years, we can see a picture of a company that has grown its revenue and improved margins and cash flows, even though the lumber market has been tough, to say the least.

And the stock has reflected this. It has soared 23.6% in the last year, and 51% from lows in September 2015. So, while there remains uncertainty with regard to the dispute with the U.S. Regarding duties and tariffs, the fact remains that Western Forest Products is faced with an improving outlook, a cheap stock, and a business that has been very effectively managed.

The 3.2% dividend yield will also appeal to investors.

We can reasonably expect continued strength in the U.S. repair and renovation sector and gradual improvement in U.S. new home construction, as the company continues to work on its \$125 million worth of projects that are aimed at reducing costs and productivity improvements. This should be reflected in the upcoming years through reduced costs and higher production.

Longer term, and very key to the story, the company's strong balance sheet and financial position put it in a good position to pursue growth in its business, and management is actively looking at external opportunities to drive shareholder value.

WestJet Airlines Ltd. ([TSX:WJA](#))

Similar to what we are seeing at **Air Canada**, WestJet is seeing record-breaking traffic, reporting an

8.9% year-over-year increase in traffic in June and achieving a record load factor of 82.8% in the second quarter of 2017. Traffic for the second quarter increased a whopping 11.5%.

Lower fuel prices will continue to benefit the company's bottom line, as fuel represents a large portion of the company's costs, and lower fuel prices, along with the stronger Canadian dollar, will positively affect consumers' buying power, resulting in continued improving demand.

Air Canada remains more highly levered than WestJet and has lower valuations. WestJet shares currently have a dividend yield of 2.23%, while Air Canada does not pay a dividend. Either way, both of these companies stand to benefit in this environment of lower oil prices and a stronger Canadian dollar.

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:WEF (Western Forest Products Inc.)

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