



## Which of These 4 Top-Performing Stocks Will Continue to Climb?

### Description

Who would have guessed that **Air Canada** ([TSX:AC](#))(TSX:AC.B) would be one of the top-performing stocks for 2017, up 78% year-to-date? It is a bit of a motley crew when you look at a list of stocks within reach of 52-week highs.

Others that are at 52-week highs include **WestJet Airlines Ltd.** (TSX:WJA), **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)), and **Transcontinental Inc.** ([TSX:TCL.A](#)).

Investors looking to buy more stock will have to convince themselves that climbing to new altitudes is both possible and plausible.

### Air Canada

If you had invested in Air Canada in 2015, you would have doubled your investment. Since 2015, the stock price has increased by 12% on average per month. During this period, the worst-performing month was an increase by 7%.

That's right. It has not had a negative price change in over 30 months.

Can this stock continue to climb? Frankly, I think it may be time to take profits off the table.

Like any airline, Air Canada has huge capital expenses to service and maintain its fleet. This translates to higher debt levels. Recent years have seen the debt level compared to earnings go down, which is the right direction.

From a valuation point of view, the price-to-earnings ratio (P/E) has been all over the map. The P/E is currently around eight, which is below the five-year average of 22, but I don't think this stock is cheap anymore.

I would venture to say that Air Canada deserves a P/E of about 10. This multiple is right around where you will find competitor WestJet.

## Printing flyers and newspapers

Another surprising market-beating stock for 2017 is Transcontinental, a printing services company that has cornered its market.

Transcontinental started the year by pushing past a resistance level of \$22 per share. It is now above \$26 per share and has momentum going for it.

Like Air Canada and WestJet, Transcontinental has a P/E around 10. This low multiple makes it a potential value stock. This company has considerably less debt compared to Air Canada. It pays a 3% dividend while WestJet pay 2% and Air Canada pays no dividend.

If I had to pick between Air Canada and Transcontinental, it would be an easy decision on which stock will continue to rise.

## Other big Canadian names

How does Air Canada compare to other big Canadian names? **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), the largest company on the TSX, is up 1% for the year. Automotive parts giant Magna would be flat for the year if it were not for the 7% run this stock had recently.

Some of these companies may seem unlikely price-moving leaders, but they have historically been low P/E companies that are getting some sunshine from on top of the market.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:AC (Air Canada)
4. TSX:MG (Magna International Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TCL.A (Transcontinental Inc.)

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