These 3 Stocks Are Trading at 52-Week Highs: Only 1 Is Still a Strong Buy

Description

These days, many stocks, like the TSX in general, are trading at highs — a result of good fundamentals and of a very optimistic mood in the market at this time.

For some stocks, this will be the time to take your money and run; for others, it is just the beginning of more highs to come.

Let's take a look at three stocks that have hot 52-week highs, only one of which is still a strong buy.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD).

With $1.2 tillion in total assets, TD is currently Canada's biggest bank, with the most assets and the second-most deposits.

The stock has been a good place to turn to for dividend and dividend growth, and since 1995, the bank's dividend has grown at an annualized rate of 11%.

In the latest quarter, the bank increased its dividend by 12%. The current yield is an attractive 3.58%.

A rising interest rate environment will certainly boost TD's numbers, but higher provisions for credit losses are also in the cards.

The first quarter of fiscal 2018 saw higher-than-expected provisions — 45 basis points compared to 42 in the same period last year and 39 last quarter. While this reflects the adoption of IFRS 9 and seasonality, the risk is that these numbers will continue to rise.

At over 12 times earnings, the stock trades at levels that are above historical averages.

Enerplus Corp. (TSX:ERF)(NYSE:ERF)

Enerplus is also trading at 52-week highs, but given the stock's low valuation and good prospects going forward, this one is a strong buy.

A top-notch balance sheet, operating performance, and cash flow growth profile set it apart from its peers.

With slightly less than half of its production coming from conventional crude oil, this $3.4 billion oil and gas giant is benefiting from the sharp rise in crude and natural gas prices.

In the latest quarter, the fourth quarter of 2017, the company reported a 55% increase in cash flows, driven by increasing crude oil and natural gas prices, and a 6% reduction in operating costs.

The company’s capital plans, which are fully funded, are expected to result in strong production and cash flow growth over the next few years, and management believes, as I do, that this is not reflected in its stock price. In short, the stock is undervalued.

As such, the company announced today that it intends to buy back up to 7% of the public float.

Premium Brands Holdings Corp. (TSX:PBH)

While Premium Brands has successfully driven growth in its restaurant and food business, mainly through acquisitions, the stock is trading at rich valuations.

The company has scale and infrastructure and just capped off a strong year, with a 13% dividend increase, and it announced four acquisitions that will help drive 2018 results.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
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TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ERF (Enerplus)
4. TSX:PBH (Premium Brands Holdings Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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