



Back-to-School Stock Shopping: 4 Stocks That Gain in the Fall

Description

“Go away in May” is an investing expression that reflects the sleepier summer months for financial markets. With volatility clearly higher, summer is clearly over. And September is one of the worst performing months if you consider each of the 200 companies that make up the **S&P/TSX Composite Index**.

Dollar-cost-averaging throughout the year has proven to be a great way to ignore market sways, recognizing that it is not possible to reliably time the market. On the other hand, historical trends provide clues on when individual stocks tend to rally.

Unlike September, October and November tell a different story. There are quite a few high achievers with peak monthly returns during the fall months.

October

Stantec Inc. ([TSX:STN](#))([NYSE:STN](#)) is a \$3.8 billion consulting and infrastructure company. It is therefore fitting that this Alberta-based company will soon hold the distinction of having the tallest tower in Edmonton, the company’s headquarters. Stantec tends to rally from October through to December, posting a best-performing month in December with a historic average monthly return of 5.4% (an article from one year ago is [here](#)). Investing in Stantec prior to its best-performing months would be a form of *momentum investing*, a strategy that works well in a TFSA account because capital gains are tax exempt.

Stantec continues to become more profitable relative to the 2013, highs when earnings-per-share were \$2.56; currently the company is not overly leveraged with debt, another positive sign. It’s one of a few reasons to keep Stantec on the watch list or start a position in anticipation of the price run.

Alternatively, one might usher in the fall by buying telecom **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)), a stock that tends to have its best-performing month in October. The average gain has been 4% when considering each October in the last 10 years. Although the stock price has run up in the last three months, I believe it has more to go. Now is a good time to start a core holding position as a [blue-chip](#) income + growth investment.

November

Commodity investors and gold bugs might be happy to learn that **Centerra Gold Inc.** ([TSX:CG](#)) is one of the TSX gold mining companies that does really well in November, gaining over 10% on average for the month, with December as another high performing period. Investing in Centerra also counts as contrarian move. For context, gold mining exchange traded funds (ETFs) have been poor investments this year. When will gold turn around? Gold stocks may shine if the U.S. dollar starts to fade; the greenback has been riding high due to strength in the U.S. economy.

Another stock that tends to get a November bump is **West Fraser Timber Co. Ltd.** ([TSX:WFT](#)), a \$6.4 billion market cap Vancouver-based lumber company. This stock is actually dirt cheap from a valuation point of view. The price-to-sales ratio is basically at par (that is, 1.2), indicating a tremendous buying opportunity. The stock has underperformed largely because of new tariffs on softwood in 2017. Analysts that are lukewarm on this commodity have just cause. But when the tariff heat cools off, I'm predicting West Fraser stocks will stop being [ice cold](#) and move up fast.

West Fraser tends to produce 5+% monthly returns in each of the months of October, November and December. The very high beta for this stock means that this stock price will move up and down at twice the range relative to the TSX index. Earnings per share have grown at an impressive clip: +55.86% over 5-years, with climbing earnings in the last four quarters.

Takeaway

There is no consistent way to time the market, but the trend is your friend. Stocks that tend to rise during fall months are a tailwind for investors unafraid of September's volatility. Investors choose their own adventure — but Rogers could be seen as the lowest risk on this list.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:STN (Stantec Inc.)
3. TSX:CG (Centerra Gold Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:STN (Stantec Inc.)
6. TSX:WFG (West Fraser Timber Co. Ltd.)

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