3 Stocks Hitting New 52-Week Highs

Description

I'm no momentum trader. The idea of buying a stock while it's climbing really goes against my bargain-hunting nature.

That said, there's definitely value in looking into high-flying stocks. Why? Because price aside, it's far better to buy companies with improving fundamentals than those with deteriorating fundamentals — as is often the case with "deep-value" plays.

With that in mind, here are three stocks that have recently hit new 52-week highs.

Paper profits

Shares of pulp and paper company **Domtar** (TSX:UFS)(NYSE:UFS) are continuing their strong 2018, hitting a 52-week high of $70.92 on Monday. Despite some sluggishness over the past couple of days, the stock is up about 26% since the start of April.

Just like its peers, Domtar is taking advantage of favourable paper and pulp prices. In Q2, the company posted operating income of $62 million as sales increased 10.7% to $1.4 billion — topping the consensus sales estimate by $20 million. Domtar also generated a solid $177 million in operating cash flow.

Here's more good news: even at these 52-week highs, Domtar shares boast a cheapish price-to-sales of 0.8 as well as an enticing 3.4% dividend yield. As long as you're willing to stomach some volatility — the stock has a beta of 2.5 — Domtar might be worth keeping for the long haul.

Husky gains

Husky Energy (TSX:HSE) is also on a roll, hitting a 52-week high of $22.49 on Wednesday. Over the past year, the stock is up more than 40%.

Husky is certainly riding the wave of strengthening oil prices, but management has also done well to reward shareholders. In Q2, Husky's funds from operations spiked 69% to $1.2 billion, while generating whopping free cash flow of $500 million. On the strength of that cash flow, management boosted its quarterly dividend from $0.075 to $0.125.

With the shares trading at a forward P/E in the low teens and sporting a forward yield of 2.4%, Husky might have decent room left to run. Of course, the stock is leveraged to volatile energy prices, so don't expect the ride to be a smooth one.

Fertilizer flyer

Nutrien (TSX:NTR)(NYSE:NTR) rounds out our list of momentum plays, with its stock hitting a 52-week high of $76.17 on Wednesday. Shares of the fertilizer giant are now up a solid 35% from their

February lows.

Nutrien — formed when Potash Corp and Agrium merged early this year — is benefiting from higher prices for both potash and nitrogen fertilizers. In Q2, the company posted EPS of $1.48, topping the consensus by $0.08. Meanwhile, revenue increased 11.6% to $8.2 billion, $500 million better than analyst estimates. Management also upped its full-year EPS guidance from $2.20-2.60 to $2.40-2.70.

Unfortunately, with a P/E of 40, Nutrien shares aren't exactly cheap. But with a dividend yield of 2.9%, they can at least provide a decent income cushion in the case of a pullback.

Fool on.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:UFS (Domtar Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/08/13
Date Created
2018/09/21
Author
bpacampara