3 Stocks Soaring to New Highs

Description

Hey there, Fools. I'm back again to highlight three stocks that have recently soared to new 52-week highs. As a refresher, I do this because

- rising stocks are usually being driven by improving fundamentals; and
- positive price momentum can add quite a bit of fuel to a stock's near-term performance.

As long as you're careful not to completely overpay, buying stocks with price strength can often pay off.

So, without further ado, let's get to this week's list of risers.

Railway to heaven

Our first flyer is none other than **Canadian Pacific Railway** (TSX:CP)(NYSE:CP), whose shares hit a new 52-week high of $279.59 on Monday. Over the past year, the railway giant is up a solid 30% versus a gain of 16% for the **S&P/TSX Industrials Index**.

CP, along with other railway companies, is seeing record traffic in crude shipments as Alberta oil producers continue to struggle with pipeline issues. In Q2, CP's volumes — as measured by revenue tonne miles — increased 4% year over year, while carloads inched up 2%. Overall, revenue grew 6.7% to $1.75 billion, topping the consensus by $20 million.

Even after the year-long run-up, shares of CP sport a reasonable forward P/E in the high teens. Given the company's favourable operating environment moving forward, I'd say the risk/reward trade-off remains decent.

Torrid Toro

The next company on our list is **Toromont Industries** (TSX:TIH), which just hit a new 52-week high of $68.11 on Monday. Over the past six months, shares of the **Caterpillar** equipment distributor are up 20%, easily besting the **S&P/TSX Composite Index's** return of 6%.

Toromont is starting to reap the benefits of its acquisition of Quebec-based Hewitt Group last year. In Q2, Toromont posted earnings of $67.6 million, up solidly from $40.5 million in the year-ago period. Moreover, revenue spiked 81% to $530.9 million. The company also managed to bring its debt-to-total capitalization down to 28% versus 33% in the prior quarter.

It might be tempting to take some gains off the table, but with management declaring that Toromont is "still in the early days" of realizing growth opportunities, I wouldn't be so quick to pull the sell trigger.

MEG(A) acquisition

Our final riser this week is **MEG Energy** (TSX:MEG), whose shares recently spiked to a 52-week high of $11.70. In fact, the oil sands company is up a whopping 42% over just the past few days.

As you might have guessed, MEG's big pop is buyout related. On Tuesday, Canadian oil and gas company **Husky Energy** (TSX:HSE) formally offered to acquire MEG in a deal valued at $6.4 billion (including debt). For each share of MEG, MEG shareholders will have the option of receiving $11 in cash or $0.485 of a Husky share.

According to Husky, the combined company will have a total production of more than 410,000 barrels of oil equivalent per day as well as refining capacity of roughly 400,000 bpd.

Of course, when you make more than 40% in one day — as MEG investors have just done — taking at least *some* dough off the table seems prudent.

Fool on.

CATEGORY

1. Investing

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1. NYSE:CP (Canadian Pacific Railway)
2. TSX:CP (Canadian Pacific Railway)
3. TSX:TIH (Toromont Industries Ltd.)

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