



3 White-Hot Momentum Stocks on the TSX Index

Description

Hi there, Fools. I'm back to call your attention to three stocks that soared last week. Why do I do this? Because when a stock pops over a short period, it usually means one of two things: the stock will keep soaring as it attracts more and more attention from growth-oriented investors; or the stock becomes "overbought," making it a prime [candidate to pull back sharply](#).

While fundamentals should be your primary concern, it always makes sense to investigate big price jumps more closely.

Without further ado, let's get to our list of flyers.

When the stars align

Leading things off is **The Stars Group** (TSX:TSGI), which jumped 13% last week. Despite the rally, shares of the online gaming company remain off 45% over the past six months versus a loss of 13% for the **S&P/TSX Capped Consumer Discretionary Index**.

The stock has been battered in recent months, but last week's pop could mark a turning point. In Stars' Q3, adjusted EBITDA increased 27% on revenue growth of 73.6%, driven largely by the completed purchase of Sky Betting & Gaming. The acquisition makes Stars the leader in the U.K. online betting market.

Currently, Stars boasts an attractive forward P/E of 9. As long as you can handle the stock's wild swings (beta of 2.0), the risk/reward trade-off remains attractive.

Turbulent flight

Next up, we have **Bombardier** ([TSX:BBD.B](#)), whose shares soared 16% last week. Of course, the aircraft manufacturer is still down 44% over the past six months versus a loss of just 1.5% for the **S&P/TSX Capped Industrials Index**.

Bombardier's bounce last week was in response to the 20% drubbing it took after Quebec's market

regulator said it's reviewing the company's executive compensation. Bay Street analysts called the sell-off "absurd" and "extreme."

That said, I wouldn't be so quick to jump on. As fellow Fool Chris MacDonald [pointed out](#), Bombardier is plagued by balance sheet issues and bad economics. So, with the stock now up about 50% from its 52-week lows, I'd wait for a big pullback before taking on those troubles.

Prepare for take-off

Rounding out our list is **WestJet Airlines** (TSX:WJA), which rallied 7.5% last week. Shares of the airline operator are still down 25% year to date versus a loss of 7% for the **S&P/TSX Composite Index**.

2018 hasn't been kind to WestJet due to rising fuel costs and intense competition, but the recent gain reflects an improving picture. In October, the company's revenue passenger miles (or traffic) increased 7.4% year over year. Meanwhile, its available seat miles (or capacity) grew 4.4%. In total, WestJet welcomed 2.1 million guests in October.

Currently, the stock boasts a solid yield of 2.8% along with a highly comforting beta of 0.8. With WestJet still off about 30% from its 52-week highs, now might be a good time to hop on for the ride.

The bottom line

There you have it, Fools: three stocks that rallied nicely last week.

To be sure, they aren't formal recommendations. View them instead as a starting point for further research. Momentum stocks can quickly reverse course without notice, so extra caution is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/07/07

Date Created

2018/11/26
Author
bpacampara

default watermark

default watermark