Ride the Wave to Riches! Here Are 3 Hot Stocks That Bay Street Loves Right Now

Description

Hello again, Fools. I'm back to highlight three stocks that have recently jumped in price. Why? Because after a stock spikes over a short period of time, one of two things usually occurs:

- It keeps on climbing as traders hop aboard the momentum train; or
- It pulls back as value-oriented investors lock in profits at the elevated price.

The **S&P/TSX Composite Index** fell pretty sharply last week — down 2.7% — so it might make sense to investigate a few plays that bucked the downtrend.

Let's get to it.

Fly like an eagle

Leading things off is **Agnico Eagle Mines** (TSX:AEM)(NYSE:AEM), whose shares flew about 12% last week. The gold miner is down 15% over the past six months versus a loss of 8% for the **S&P/TSX Capped Materials Index**.

Gold prices have rallied amid weak U.S. jobs data, and Agnico shares are benefiting. Of course, the company's operations also happen to be doing quite well.

In Q3, Agnico posted a surprise profit on better-than-expected revenue of $518.7 million. Moreover, management raised its 2018-19 gold production forecast to 1.6 million ounces from a prior view of 1.58 million ounces.

The stock boasts a highly comforting beta of 0.6 — 40% less volatility than the overall market. So, even after the recent rally, the risk/reward trade-off remains attractive.

Electric performance

Next up, we have **Hydro One** (TSX:H), which popped 6% last week. The electric utility giant is now up about 8% over the past three months, while the **S&P/TSX Capped Utilities Index** is flat during the same time frame.

Hydro One rallied after a Washington state regulator rejected its proposed buyout of rival Avista. Hydro One initially proposed to purchase Avista back in 2017 for $6.7 billion, with the hopes of expanding in the U.S. northwest. But investors cheered the rejection news as the deal would've put significant stress on Hydro One's balance sheet.

With the stock sporting a beta of 0.3, along with a solid dividend yield of 4.3%, the downside looks limited even after the recent bounce.

Smokin' opportunity

Rounding out our list is **Cronos Group** (TSX:CRON)(NASDAQ:CRON), which surged as much as 33% last week. Shares of the cannabis company are now up 267% over the past year versus a gain of 18% for the **S&P/TSX Capped Health Care Index**.

Here's what triggered the spike: tobacco gorilla Altria said it will invest $2.4 billion Cronos for an initial 45% ownership stake. Additionally, Altria has the option to invest up to a further $1.4 billion within four years.

"Altria brings scale, expertise and complimentary capabilities … that we believe will enable us to expand the scope and enhance the scale of our company," said Cronos chairman and CEO Mike Gorenstein.

Pot stocks are notoriously fickle. And I'd usually advise taking some profits off the table after such a big spike. But given Altria's massive, legitimacy-adding stake in Cronos, holding for the long haul might make a tonne of sense.

The bottom line

And there it is, Fools: three red-hot stocks worth taking a closer look at.

As always, they aren't formal recommendations. They're simply starting points for further investigation. Momentum stocks are particularly fickle, so extra homework is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NYSE:AEM (Agnico Eagle Mines Limited)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:CRON (Cronos Group)
5. TSX:H (Hydro One Limited)

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Date
2025/08/25
Date Created
2018/12/10
Author
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