3 Stocks it Might Be Time to Sell

Description

Knowing when to sell a stock is just as important as knowing when to buy. If a stock has risen sharply in price in a short amount of time, that could be a good indicator that it may have become overbought and that a correction could be around the corner. Below are three stocks that I'd consider selling today.

Enbridge (TSX:ENB)(NYSE:ENB) has risen 14% since the start of the new year and is already hovering around recently hit a new 52-week high. And although the stock may be overdue for a rally, I'm not convinced that investors are going to be very bullish on oil and gas stocks over the near future, and we could see it dip back down soon.

You have to go back to 2017 for the last time that the stock was trading above $50 with any regularity, and I'd expect to see a bit of resistance at that level. That doesn't mean that I think Enbridge is a bad buy at $48, but the outlook for the industry remains very negative, and until that improves it's hard to see a path for Enbridge's stock to get much higher than it is now.

Long term, it's still a good buy, but if you're not planning to hold on to it for years, then it might be a good idea to sell it sooner rather than later.

Emera (TSX:EMA) is another stock at its 52-week high, as it has risen 14% over the past three months. But at a price-to-earnings multiple of over 42, the stock is a bit expensive given the 4.8% growth it achieved in its most recent quarter.

The Relative Strength Index (RSI), which looks at a stock's gains and losses over a period of time, also suggests that it could be time to sell. Once the RSI hits over 70, it's seeing a lot more gains than losses, which suggests there might be some downward pressure soon. As of Tuesday's close, Emera's RSI reached 71, further indicating that the price has gotten a bit heavy. While Emera is another good long-term buy, especially for its dividend, I'd definitely consider selling the stock for one that has more upside.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) got a boost earlier in the month when it announced a hike to its dividend and released pre-earnings results that led investors to buy up the stock. In just the past month, Restaurant Brands has seen its stock rise more than 17%. While it is not quite at its 52-week high just yet, it’s still at an RSI of over 70. And although its price-to-earnings multiple is only around 25, it’s still a bit pricey for a company that has some questions surrounding its growth, particularly around Tim Hortons.

The stock also trades at more than nine times its book value, which is a very high multiple. Unless it has an amazing earnings report next month, which I wouldn’t expect it to, then I don’t see its share price going up much higher in the near future.

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:EMA (Emera Incorporated)
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