



Investors, Take Your Profits: Sell Canada Goose (TSX:GOOS) Before It's Too Late!

Description

Investors, would you like to make tons of money for your TFSA portfolio by learning to [sell high](#) and [buy low](#)?

While this is not an easy feat, it is totally possible to successfully do this.

And while we shouldn't expect to get the exact lows or highs, if we can at least pull the trigger when stocks are in the low and high ranges, it would be sufficient.

Retail sales deteriorating

Retail sales numbers were released recently in both the U.S. and in Canada, and they are showing cracks in the consumer.

Canadian retail sales volume has been flat lining for much of this year, and December U.S. retail sales fell 1.2%, the most in nine years.

Let's look at a retail stock that I believe is in its high range and ripe for share price weakness.

Canada Goose Holdings Inc. ([TSX:GOOS](#))([NYSE:GOOS](#)) reported third-quarter fiscal 2019 results that highlighted why investors love this stock.

Revenue increased 50% and EPS increased 66%, driven by an increase in sales due to five new stores, the launch of a new e-commerce site, and increasing gross margins.

But this stock is priced for perfection, and given the headwinds that are hovering, such as slowing retail sales growth numbers and a heavily indebted consumer population, I would take this opportunity to sell, take my profits and redeploy the money elsewhere.

Canada Goose stock has increased 25% in 2019, and while it is 20% lower than its highs of 2018,

investors have mostly done well with this stock.

It is now trading at approximately 58 times this year's expected earnings, and 44 times next year's. That's high even considering the earnings growth rates that the company has historically achieved.

What's important is the future growth that Canada Goose will achieve and in my view, the estimates are at risk.

Being a luxury retailer leaves it especially vulnerable to a slowdown in consumer spending, and as a retailer that lacks product diversification, this stock makes me nervous no matter how impressed I am with the company's past results.

Final thoughts

Investing in retail stocks is not easy, investing in cyclical stocks is not easy.

On the one hand, we like to advise investors to take a long-term view of stocks and the market and to trade according to it.

Ideally, this would be enough.

But in reality, we also need to trade along the way, especially when we are dealing with cyclical stocks such as retail stocks.

Canada Goose is facing too many headwinds at this point, and given its sky-high valuation, I think now would be a good time to take your profits.

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Author

karenjennifer

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