



Here's Why You Should Expect a Mad March for Stocks

Description

The **S&P/TSX Composite Index** rose 10 points on February 26. The TSX Index has climbed 12.1% in 2019 and is up 5.7% year over year. In many ways the last two months have been a triumph for the TSX after a brutal finish to 2018 that wiped out many of last year's gains. This has been rewarding for those who bet on the ["Buy Canada Trade" late in 2018](#).

The market rally has been promising, but the momentum is up against significant headwinds for the rest of the year. Statistics Canada projects Q4 2018 GDP to fall between 0.8% and 1.2%, below the 2% growth reported in Q3 2018. Growth in the first quarter of 2019 are also expected to be anemic. The remainder of 2019 is forecast to be rosier, but winter numbers combined with pricey valuations will generate anxiety.

Technology stocks in the United States and Canada have bounced back nicely in 2019. The sector took a beating in the latter half of the previous year. **Tucows** ([TSX:TC](#))([NASDAQ:TCX](#)) stock has climbed 23.7% in 2019 as of close on February 26. Shares have surged 40.3% over the past three months. In late August 2018 I'd [recommended that investors look for entry points](#) after Tucows plunged below the \$80 mark. It would hit a 52-week low of \$64.50 before beginning its rally in early November.

Tucows released a strong fourth-quarter and full-year report for 2018, but investors should be wary of the stock as we head into March. Shares boasted an RSI of 65 as of this writing, which is close to overbought territory.

Technology is not the only sector buyers could burn themselves on right now. Cannabis stocks have soared to start 2019. **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)) stock is one such example. Shares have surged 98% in 2019 so far. The stock spiked after a late January report from **Canadian Imperial Bank of Commerce** projected that it would entrench itself as a cannabis giant alongside **Canopy Growth**. The average investor should be up to date on the historical volatility of this young sector. Cannabis is an exciting industry poised for big growth in the long-term, but the sector looks overheated as we move into the spring.

Should investors be expecting a sharp pullback in the near term? Of course not, but a broad look tells

us that stocks are pricey right now. That means investors should consider some contrarian options.

Gold is often held up as a contrarian option, but the yellow metal has also performed well to start the year. The spot price of gold has climbed 3.5% in 2019. **Kirkland Lake** (TSX:KL)(NYSE:KL) is one of the top-performing gold equities on the TSX. Shares have climbed 34.9% in 2019 as of close on February 26. The stock is up a stunning 136% year over year.

March will be interesting for gold as well. Trade negotiations between the United States and China appear to be close to a resolution. An agreement between the two economic giants would go a long way toward easing anxiety in the investing world. This in turn would likely generate downward pressure for the yellow metal and equities that make up the sector.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NASDAQ:TCX (Tucows)
3. TSX:CRON (Cronos Group)
4. TSX:TC (Tucows)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Investing

Date

2025/08/15

Date Created

2019/02/27

Author

aocallaghan

default watermark

default watermark