3 Red-Hot Retail Stocks Hitting New 2019 Highs

Description

Hello again, Fools. I'm back to call your attention to three stocks trading at new year-to-date highs. Why? Because after a given stock rallies over a short period of time, one of two things tends to happen: the stock keeps climbing as momentum traders look pile on; or the stock quickly pulls back as value-oriented investors lock in gains.

Buy-and-hold is still the most reliable way to build wealth. But knowing how to play short term swings can also help maximize your returns.

This week, we'll take a look at three retail-oriented stocks that have been on fire.

Let's get to it.

Bet your bottom dollar

Leading off our list is discount retailer **Dollarama** (TSX:DOL), which is up an impressive 46% year-to-date and trading near its 2019 highs of roughly $47 per share.

The stock was hammered in the latter half of 2018, but improved financials and a refocused growth strategy continue to fuel a 2019 comeback. In Dollarama's Q1 earlier this month, revenue increased 9.5%, same-store sales improved 5.8% and EPS grew 6.5%.

"Fiscal 2020 is off to a good start for Dollarama, with strong top line growth and comparable store sales, including a notable increase in basket size and traffic, reflecting the positive consumer response to our value proposition and various category management and merchandising initiatives," said President and CEO Neil Rossy.

Dollarama shares remain off 8% over the past year.

Private matters

Next up we have department store retailer **Hudson's Bay Compan**y (TSX:HBC), which is up 41% year-to-date and trading at its 2019 highs of about $10.25 per share at writing.

To be sure, the vast majority of that gain came earlier this month after an investment group led by HBC Chairman Richard Baker offered to take HBC private for $9.45 per share. HBC has formed a special committee to review the proposal.

As a standalone play, HBC is making turnaround progress. In Q1, same-store sales inched up 0.3% while adjusted EBITDA clocked in at $44 million.

"We are seeing progress on a number of crucial fronts from our continued work to fix the fundamentals and reposition HBC for the future," said CEO Helena Foulkes.

HBC remains off 12% over the past year.

Real opportunity

Rounding out our list is retail real estate company **RioCan REIT** (TSX:REI.UN), whose shares are up 13% year-to-date and trading at their 2019 highs of $27.

In addition to that solid price appreciation, RioCan offers investors a fat monthly dividend backed by healthy cash flows. In the most recent quarter, the company generated $142 million in funds from operations (FFO).

Moreover, management continues to diversify away from retail into mixed-use and residential real estate, providing the dividend with even more stability going forward.

"Our strategy to increase our presence in highly desirable, fast-growing markets will fuel FFO per unit growth long into the future," said CEO Edward Sonshine.

RioCan is up 11% over the past year and currently offers a juicy yield of 5.3%.

The bottom line

There you have it, Fools: three red-hot stocks worth checking out.

As always, they aren't formal recommendations. Instead, look at them as a starting point for further research. Momentum stocks are especially fickle, so plenty of your own due diligence is required.

Fool on.

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1. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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bpacampara