3 Red-Hot Stocks for 2020

Description

Hello again, Fools. I'm back to quickly highlight three stocks trading at new 52-week highs. Why? Because after a given stock rallies over a short period of time, one of two things usually happens:

- the stock keeps on climbing as momentum traders pile on; or
- the stock quickly pulls back as value-oriented investors lock in profits.

While momentum stocks are on the fickle side, they can often rally higher (and for longer) than you might expect. So, if you're looking to give your 2020 a jump start, this is a good place to begin.

Let's get to it.

Ringing right along

Leading off our list is telecom behemoth **BCE** (TSX:BCE)(NYSE:BCE), whose shares are up 21% in 2019 and are trading near 52-week highs of $65.45 per share.

The stock underperformed in 2018 on lacklustre growth, but operating momentum has certainly kicked in as of late. In the most recent quarter, for instance, earnings improved 8%, while adjusted EBITDA grew 7%. More importantly, free cash flow increased an impressive 10% to $1.1 billion.

Looking ahead, management still sees full-year revenue growth of 1-3%.

"Bell's strategy to bring the fastest broadband networks and the latest service innovations to Canadians in every region continued to drive strong operating and financial performance across our business in Q2," said CEO George Cope.

BCE currently offers a healthy dividend yield of 4.9%.

Extended rally

Next up, we have long-term senior care operator **Extendicare** (TSX:EXE), which is up a solid 49% in 2019 and currently trades near 52-week highs of $9.57 per share.

While many small-cap stocks often surge on pure speculation, Extendicare's rally has been supported by improving fundamentals. In the most recent quarter, EPS clocked in at $0.10, as revenue increased to an expectations-topping $284 million.

"In the second quarter, our long-term care and retirement living operations recorded solid results with increased revenue and profitability," said CEO Dr. Michael Guerriere. "We are pleased with the rising occupancy trend across our stabilized and lease-up retirement living communities during the first half of 2019."

Extendicare currently sports a rather attractive dividend yield of 5.1%.

Keeping it Intact

Rounding out our list is insurance giant **Intact Financial** (TSX:IFC), whose shares are up 37% in 2019 and are trading near 52-week highs of $138 per share.

Intact's solid gains continue to be supported by robust cash flows, healthy premium growth, and a sustainable dividend yield of 2.2%. In the most recent quarter, premiums improved 8%, while the company's combined ratio clocked in at a comforting 97%.

Intact ended the quarter with $1.3 billion in total capital margin and an operating ROE of 12%.

"I was disappointed to see more activity than anticipated on older auto files which led us to prudently bolster reserves," said CEO Charles Brindamour. "At the same time our action plans in auto are working, driving an excellent underlying performance."

Intact currently yields a decent 2.2%.

The bottom line

There you have it, Fools: three red-hot momentum 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. Dividend Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:IFC (Intact Financial Corporation)

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Date
2025/07/24
Date Created
2019/10/11
Author
bpacampara