



1 Hot Stock to Buy This Week and 1 to Sell

Description

Clothing retail stocks have been having a surprisingly turbulent time of it on the TSX lately. From sell-offs to hot stocks still sitting on the bargain rails, let's round up a few of the best Canadian stocks to new investors looking to line their portfolios with fashionable tickers.

A bargain-basement stock for TSX fashionistas

While **Roots** has been hitting 52-week lows of late, making it a tasty target for value investors looking for [a retail stock that could rebound](#), there's an even better play for deep value in the clothing retail space at the moment.

Gildan Activewear ([TSX:GIL](#))([NYSE:GIL](#)) cut its outlook and saw its stock plunge off a cliff. It started the week with a 4% bounce after a disastrous few days of trading that saw its stock decline by more than 23%. Gildan is looking like a solid stock to buy the dip. While a lot of investors sensed a sell-off and harvested their holdings as quickly as they could, the clothing company looks like a strong contrarian move this week.

Down by more than 20%, any TSX stock picker looking for salvageable goods on the bargain rail have a knocked-down asset here. With most of its revenue sourced stateside, the stock is a buy for new portfolio holders bullish on the American economy over the long term. It's also a play on Latin America, since most of its production workforce is situated in the region.

New investors not *au fait* with Gildan have a [solid industry contender](#) dealing in blank clothes, known as printware in the fashion biz, as well as a mean line in straight-to-customer retail. The latter segment boasts an impressive lineup that includes such high-flying brands as Comfort Colors, Gold Toe, and American Apparel.

What else is hot this season?

Aritzia is soaring on five-day gains of 19%, as the clothing retailer enjoyed a Q2 earnings beat. Its

higher price tag might make it a stock to harvest if it's been sitting dormant in the consumer discretionary section of a stock portfolio, however. Investors bullish on the clothing company could consider picking it back up again at a lower price to cream the upside next time it pulls out a solid quarter.

Aritzia shareholders looking to hold on will know that the design house posted solid results that included a 19% rocket from the same time last year. The increase in income can be attributed in large part to a drive to increase online sales and a boosted high street presence. While this means good news for investors now, it might be unsustainable, though, making this the ideal time to sell those shares while they're popping.

The bottom line

Retail stocks may go out of fashion if a recession hits, though the warning signs may be more dire than they look at first. However, Gildan is beginning to look like an evergreen stock with an upward trending share price currently selling at a deep discount. On the flip-side, stocks like Aritzia look as though they might be ready for the donations bin.

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1. Investing
2. Stocks for Beginners

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1. Editor's Choice

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2. TSX:ATZ (Aritzia Inc.)
3. TSX:GIL (Gildan Activewear Inc.)

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