Canadians: 2 Top TSX Stocks to Buy and Sell Right Now

Description

The **S&P/TSX Composite Index** surged in the opening two weeks of February after domestic and global markets encountered some turbulence in late January.

Investors who have bought the dips over the past year have been richly rewarded as the **TSX** has continued to post record highs, which is in line with its U.S. counterparts.

Unfortunately, the story has not been as good for some stocks on the TSX. The two stocks I will look at today are listed on the TSX and NYSE, and both have faced challenges over the past year.

While I'm encouraged by one of the stocks, the other is facing headwinds that will be very difficult to overcome in 2020. Which should you buy, and which should you sell today? Let's jump in and find out.

BUY: Restaurant Brands International

Last year I'd warned investors that **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) looked pricey after enjoying a big rally. However, in the year-over-year period, RBI stock has still increased 7% from the same time in February 2019. Shares have climbed 7% over the past week, and I'd like to see it continue its momentum going forward.

The company reported its fourth quarter and full-year results for 2019 on February 10. It posted consolidated system-wide sales growth of 10% in Q4, reaching above 8% growth for the full year.

Burger King was typically steady, delivering system-wide sales growth of 9%. Popeyes was the big story, as it delivered huge system-wide sales growth of 42% in the fourth quarter on the back of its Chicken Sandwich sales.

Tim Hortons, which has lagged in recent quarters, is still feeling pressure as the company is pushing to reignite growth.

RBI stock possesses a price-to-earnings ratio of 26, which is on solid footing compared to industry peers, but it also has a sky-high price-to-book value of 7.9. It has delivered strong earnings growth and the stock offers a quarterly dividend of $0.50 per share, which represents a 3.1% yield.

SELL: Canada Goose

I have been bullish on **Canada Goose** (TSX:GOOS)(NYSE:GOOS) since its initial public offering back in March 2017. While the company rewarded its faithful early on, it has faced some major challenges in recent months. Shares have plunged 44% year over year as of close on February 11.

Canada Goose released its fiscal 2020 third quarter results on February 7. Revenue rose 13.2% year over year to $452.1 million and adjusted net income per share increased 12.5% to $1.08.

Following a trend, Canada Goose drew strength from its international segment, bolstered by its performance in Asia. Revenue doubled from $46.4 million in Q3 FY2019 to $94.7 million in this most recent quarter.

Unfortunately, there is a good chance that its strength could become its weakness in the coming quarters. China is working hard to contain the Coronavirus outbreak on the mainland, but the measures it and its citizens have taken are set to dramatically slow domestic growth.

Canada Goose stores have thrived on foot traffic, especially after such recent store openings in Beijing. Decreased activity during its busy season is a huge bummer for the company and potentially for the stock. For this reason, I'm staying away from Canada Goose right now.

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:GOOS (Canada Goose)
4. TSX:QSR (Restaurant Brands International Inc.)

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