TSX Rally Rundown: What's Hot — and What's Not — in Stocks This Week

Description

There's a lot of green ink this week, with much of the **TSX** buoyed by a mid-virus relief rally. Some names are up more than others, showing a return to risk. For instance, **Brookfield Property Partners** was up 38%, while Vermilion soared 35% in the last five days.

This shows a clear contrarian ethic at work, as both asset types have been hit especially hard by the coronavirus market crash.

So it makes more sense to check which names stand out in their 12-month performance. After all, with the TSX itself up 8% at the time of writing, it's harder to spot the contrast. So which names are especially hot right now?

The TSX rally is boosting some popular stocks

Shopify is up 12.7% compared to this time last year. It's a stock with social distancing and online shopping built in. And with over a million ecommerce platform users, it's become a strong wide-moat buy. Gold is also rallying, but there are no surprises there. **Barrick Gold** is up 18.6% since last April.

But now let's strip away some of the gloss from this week's monster market rally. Which stocks are unpopular this year? Some of the biggest names on the TSX have been hit hard by the coronavirus market crash.

Look at **BMO**, which is down 25.6% year over year. Big energy names are down, too. **Enbridge** is down 22%, while **Suncor Energy** has lost 45% since last April.

Canadian banks are facing half a million deferral requests for mortgage payments right now. That's a pretty serious situation, and is likely escalating even as the market is rallying. One of the biggest risks of investing in bank stocks is the potential for loan delinquency.

It's well known that the stability of REITs rests upon the quality of tenants. It's clear that something similar can be said of bank revenues.

How to buy stocks right now

A number of major themes have emerged during the coronavirus market crash. Most of these revolve around reducing transaction sizes. Investors should trim into rallies and not dump vast quantities of shares.

Similarly, TSX stock investors should buy smaller quantities of shares on weakness. This is no time to panic sell. Nor is it the time to back up the truck. Moderation is key.

Enbridge has been doing the rounds as a hot contrarian pick. It's often held up as an exemplary Canadian dividend stock. But the news this week that it's running its Mainline system with room to spare gives pause for thought. The amount of headwinds facing oil is no secret, but seeing Enbridge's economic moat under attack is another story.

The bottom line

It's really something to see some of our biggest banks down so significantly since last year. BMO has lost more than a quarter of its value.

The last three months accounts for much of those losses. Both BMO and **Scotiabank** are bullish on their coronavirus performance.

However, it remains for investors to agree or not. Meanwhile, other rallying names like Shopify have solidly outperformed them.

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