How I'd Spend $5,000 on the TSX Today

Description

The **S&P/TSX Composite Index** moved up 43 points on June 1. Canadian investors have been put through a roller-coaster ride this spring. Fortunately, the TSX has managed to climb roughly halfway back from its sharp slide in February and March. Sectors like technology and healthcare have soared, leading to high valuations. Discounts are not easy to find right now. Regardless, today I want to discuss how best to spend $5,000 on the TSX. First, we will look at some sectors to be wary of.

TSX investing: Sectors in peril

Late last month, I'd discussed why TSX investors should avoid **Cineplex** (TSX:CGX). Shares of Cineplex have dropped 57% over the past three months. Investors can expect to see the company's first-quarter 2020 results no later than June 29. Movie theatres have struggled mightily in North America due to the widespread lockdowns. Many analysts have questioned whether they will be able to recover.

Cineplex provided an update on the status of the Investment Canada review on June 1. This was in connection with the previously announced merger with Cineworld. The deadline to complete the deal has now been pushed back to June 30. Cineplex is a dangerous hold in June. Not only is the broader industry in deep crisis, but if the Cineworld deal falls through, the stock could be throttled.

This stock used to offer a shot at monthly income. Unfortunately, Cineplex was forced to discontinue its monthly payout. There are better income options on the TSX right now.

COVID-19 has put a dent in the auto industry

The COVID-19 pandemic has been a mixed bag for retailers. Grocery retailers and others that offer essential services have thrived, while consumer discretionary spending has fallen off sharply. Auto sales had shown some signs of bouncing back in late 2019 and to start 2020. The pandemic has slammed the door shut on that rebound.

AutoCanada (TSX:ACQ) operates franchised automobile dealerships through Canada and some regions in the United States. Shares of AutoCanada have plunged 36% in 2020 so far. In late 2019, I'd warned TSX investors not to bite on AutoCanada stock even as auto sales received a bump.

Car sales in Canada dropped a stunning 74.6% year over year in April. As of early June, May sales have not yet been released. Automobile dealerships have seen foot traffic fall to nothing. For now, the industry is ground to a halt. In response to this crisis, AutoCanada has suspended its dividend, amended its senior credit facility agreement, and laid off roughly 40% of its workforce as of late April.

One TSX stock to spend $5,000 on today

One of my top TSX stocks to snag today is **Canadian Western Bank**. This regional bank has seen its stock drop 25% in 2020 as of close on June 1. However, shares have climbed 11% over the past month. Moreover, the bank still boasts a fantastic balance sheet after passing through a challenging second quarter.

Shares last had a very favourable price-to-earnings ratio of 7.5 and a price-to-book value of 0.7. Better yet, Canadian Western also offers a quarterly dividend of $0.29 per share. This represents a 4.9% yield. Meanwhile, the bank has achieved dividend growth for over 25 consecutive years.

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2. TSX:CGX (Cineplex Inc.)

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