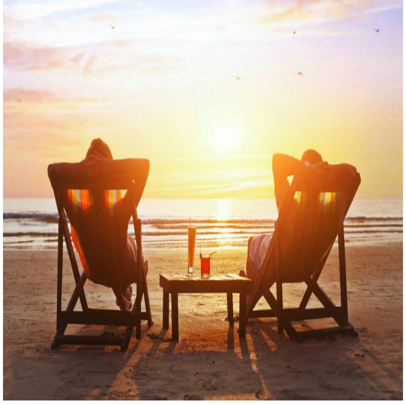

3 Hot TSX Stocks to Buy This Summer

Description

The **S&P/TSX Composite Index** shed 141 points on June 9. However, this down day should not deter investors right now. The TSX has gathered significant momentum since turbulence hit markets in the late winter and early spring. Futures were up in Canadian and United States markets at the time of this writing. Today, I want to look at three scorching TSX stocks that are worth your attention before the summer season kicks off. Let's jump in.

This TSX stock has thrived in an unlikely sector

Retailers have faced a challenging environment due to the COVID-19 pandemic. The companies that have managed to survive, and, in some cases, thrive, had already made a strong push into the digital space. **Aritzia** (TSX:ATZ) is a clothing retailer and TSX stock that has managed to climb 1.6% in 2020 as of close on June 9.

The company released its fourth-quarter and full-year results for fiscal 2020 on May 28. In the report, Aritzia said that it began to see the impacts of the COVID-19 pandemic on its business by late February. Nonetheless, the company reported comparable sales growth of 8.9% in the quarter and revenue growth of 6.3%. Its e-commerce channel has been the key driver for growth in this crisis. E-commerce revenue growth exceeded 150% after the closure of its boutiques.

Shares of Aritzia last possessed a price-to-earnings (P/E) ratio of 23. This is in line with its peers, value wise. The company boasts a fantastic balance sheet and earnings are projected to post steady growth going forward. This is still my favourite TSX stock in the apparel space.

One dividend stock to snag on as the weather heats up

Growth stocks are always exciting, but Canadians should not sleep on dividend stocks. This particular TSX stock has seen its dividend slashed, which means shareholders will be more reliant on capital growth. **Methanex** (TSX:MX)(NASDAQ:MEOH) is a Vancouver-based company that produces and supplies methanol in North America and around the world. Shares of Methanex have dropped 36% in

2020 as of close on June 9. However, the stock has surged 41% over the past month.

In its first-quarter 2020 report, Methanex saw global methanol demand fall 7% due to the COVID-19 pandemic and lower oil prices. Fortunately, oil prices have bounced back in the late spring. Meanwhile, North America has begun to see promising numbers with regards to coronavirus cases. Unfortunately, Methanex was forced to drop its quarterly dividend by 90% to $0.0375 per share.

Shares of Methanex last possessed a favourable P/E ratio of 21 and a price-to-book (P/B) value of 1.3. This stock still offers nice value after its promising post-earnings bump.

This auto stock is surging

Earlier this month, I'd discussed how damaging the COVID-19 pandemic has been for the auto industry. **Linamar** (TSX:LNR) is the second-largest auto parts manufacturer in Canada. The company managed to meet the challenges brought about by this pandemic as liquidity improved in the first quarter of 2020. Shares of this TSX stock have climbed 34% month over month at the time of this writing.

Linamar reported sales of $1.55 billion in Q1 2020 — down from $1.97 billion in the prior year. Meanwhile, net earnings fell to $78.5 million, or $1.20 per share, compared to $132 million, or $2.00 per share, in Q1 2019. Still, Linamar's launch book remains strong at more than $4.1 billion. The company has moved to aggressively conserve cash, which should position it well to bounce back, as economies around the world reopen.

This TSX stock last had a very favourable P/E ratio of 7.8 and a P/B value of 0.7. Unfortunately, Linamar was forced to drop its quarterly dividend to $0.06 per share, representing a modest 0.5% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:LNR (Linamar Corporation)
4. TSX:MX (Methanex Corporation)

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Date
2025/08/27
Date Created
2020/06/10
Author
aocallaghan