



## TSX Stocks: 3 OVERBOUGHT Canadian Titans to Buy Today

### Description

Canadian broader markets continue to climb higher recently, despite rising economic uncertainties. **TSX** stocks on average have surged more than 40% in the last three months, pushing many into the overbought zone.

Investors should note that the relative strength index (RSI) of a stock is a momentum oscillator that takes values between 0 and 100. A stock with an RSI above 70 is overbought, while a stock with an RSI below 30 is oversold. RSI readings at extremes indicate the looming reversal in the stock's direction.

Let's take a look at three such top TSX stocks that are overbought right now. Let's see how they are placed in the long term.

### A top-gainer TSX tech stock

E-commerce giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is possibly the best tech stock in Canada. The stock has been unstoppable for the last couple of years and has rallied more than 160% this year.

Shopify stock is currently trading at an RSI above 70, which might create downward pressure in the near term. However, the tech titan will likely continue to march higher in the long term with its unique business model and above-average revenue growth.

I agree that the [current valuation](#) does not justify Shopify's financials. But a big correction in the short term also seems unlikely to me. Its second-quarter earnings, which it plans to release later this month, will be a key driver for the stock.

Shopify stock will likely exhibit more volatility than usual, as it continues to trade at such an inflated valuation. Investors with above-average risk appetite can consider it at current levels.

## A safe play during the volatile times

The \$15.5 billion company **George Weston** ([TSX:WN](#)) is a holding company that operates in food processing, real estate, retail, and financial services.

The stock has rallied more than 20% since the epic crash in March 2020. Due to its recent strength, it stands on the verge of the overbought zone. Though near-term challenges might weigh on the stock, its [long-term growth prospects](#) are attractive.

It mainly operates through three segments: **Loblaw**, which contributes more than 90% to its total revenues, Weston Foods, and **Choice Properties**, a real estate investment trust.

Weston's diversified earnings and the non-cyclical nature of most of its business will likely enable stable growth over the long term.

## Shinier than gold

Another Canadian bigwig that has recently plunged in the overbought zone is the top gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD).

The yellow metal has been one of the top-performing asset classes so far this year. Higher gold prices boosted gold miner stocks as well. Barrick stock has soared more than 55% year to date.

Barrick Gold might continue to trade strong driven by expected higher earnings on the back of gold's rosy outlook. However, the stock looks expensive after its recent rally. Notably, ABX trading in the overbought zone could create downward pressure in the short term.

Also, Barrick Gold has substantially outperformed the yellow metal, which could bother some discerned investors. Thus, conservative investors can wait for a pullback or consider purchasing in slices.

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1. Investing
2. Metals and Mining Stocks
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4. Tech Stocks

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1. Editor's Choice

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1. NYSE:B (Barrick Mining)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:SHOP (Shopify Inc.)

5. TSX:WN (George Weston Limited)

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