



## SALE ALERT: These Top Stocks Are About to Drop

### Description

An interesting trend is emerging, which suggests that a recovery is baked into the markets. Few investors can have missed the fact that the TSX rallied last week. The cause? A potential vaccine breakthrough south of the border. The good news lifted industrials and materials — two areas most heavily impacted by the pandemic. Gold also continued to trend higher.

### A recovery is baked in at this stage

What's interesting about the vaccine rally is that it reaffirmed the most ingrained and notable trends that have dominated 2020. While gold was up, financials and energy stocks were down. This fits the general trend that has characterized the TSX during the public health crisis. Since the rally emphasized these same broad year-on-year moves, it suggests that investors have been expecting a vaccine this whole time.

The TSX is overall down by 2.2% year on year, showing strong resilience considering the extreme uncertainty facing the economy. Gold, the [ultimate safe-haven asset](#), has taken on a peak-cannabis-style momentum all of its own. **Barrick Gold** gained 53.7% year on year. **Franco-Nevada** is up 52%, while **Wheaton Precious Metals** is up 69% year over year. Higher gold is compelling, though a pullback could be forthcoming.

### Meanwhile, these stocks are going cheap

Compare and contrast those gold stock gains with some of the year's worst performers. **Suncor Energy** has lost 46% in the last 12 months. **Canadian Natural Resources** similarly ditched 44% since this time last year. Bankers such as **BMO** and **Scotiabank** have also had a rough time on the markets, losing 25.8% and 22.8% year on year, respectively.

But what's next on the horizon? Investors can expect a slowdown in growth among telco stocks, for one thing. While some of these names, such as **BCE** and **Telus**, have proven doughty names year on year, **Rogers Communications** has seen its share price slide. This trend could be contagious,

extending beyond the sports media giant's radius to encompass Canadian telecoms as a whole.

Look at revenue from roaming fees. Think back: how often have you used roaming while abroad or even simply away from your home network? The pandemic has seen certain telco revenue streams drying up and will likely reflect negatively in the next round of earnings reports from Canadian telcos. Media advertising has also been undergoing a sea change mid-pandemic, while new subscription capture is also likely to disappoint.

Investors should be thinking about leaning into the [emerging stock market trends](#) that could come to typify the pandemic market. They should also start looking ahead to a post-pandemic rally. As the markets showed last week, industrials are likely to bounce back. Gold may retreat upon a full recovery, which makes precious metals a potential area for trimming. Conversely, telcos could soon go on sale, so keep cash on hand to snap up some quality names.

An already weakened Rogers Communications is due to dish the dirt on its second-quarter results this Wednesday. After that, investors should look out for post-earnings dips from Telus on July 31, and then BCE on Aug. 6. All three are strong names to buy on the cheap for an eventual post-pandemic recovery.

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