



3 Stocks to Buy Hitting 52-Week Highs Today!

Description

Here we are in August. There are many stocks to buy again. The coronavirus pandemic seems to be under control in Canada and the summer is coming to a close. But things are not moving on like before the pandemic hit. [There are lingering problems and lingering risks that are all too real.](#)

Yet, some stocks are trading at 52-week highs. What does this mean? Does it go against what the data is telling us?

These 52-week high stocks defy record unemployment numbers

The first thing we should remember is that the stock market trades on expectations. It is a forward-looking system. Knowing this, it becomes easier to explain how certain stocks can possibly be trading at 52-week highs in the midst of record unemployment.

So given this, does it make sense that **Canadian National Railway Co.** ([TSX:CNR](#))([NYSE:CNI](#)), **Canadian Pacific Railway Ltd.** ([TSX:CP](#))([NYSE:CP](#)), and **Mullen Group Ltd.** ([TSX:MTL](#)) are trading at new 52-week highs?

Are these stocks to buy still attractive at 52-week highs?

Canadian National Railway stock is a stock to own — but choose your entry points

Canadian National Railway is definitely handling the pandemic crisis in an exceptional manner. In fact, its handling of this crisis has highlighted the quality of this company. It has highlighted its resiliency and its value proposition for investors.

But despite all of this, we can't ignore the fact that Canadian National Railway did report a 53% decrease in its operating profit in the second quarter. Also, the company is facing an uncertain future. The possibility of a second wave of the virus is real. Unemployment is still a problem and consumer

spending has been hit.

The Canadian economy has been supported by the government, but this kind of hit will have consequences that reach beyond a few months.

So, Canadian National Railway stock is a great stock to buy. If you already own it, I would say stick with it. But for those of you who are thinking about adding it to your portfolio, wait. Wait for the upcoming weakness in the market and wait for a better entry point.

Canadian Pacific Railway stock is riding high on its resilient and highly diversified industry

The railway industry is one industry that has high barriers to entry. This protects the companies within this industry. In the railway business, the operating ratio is an ideal measure to focus on. Twenty years ago, operating ratios were close to 90% for the railway industry. Today we have become accustomed to CP and CNR posting operating ratios in the high 50% range.

All of this speaks to the superior performance of Canada's railway companies, which are understandably very coveted stocks to own. But like Canadian National Railway, Canadian Pacific Railway has been hit. Revenue fell 9% and EPS fell 10% in the second quarter. Canadian Pacific Railway stock is at 52-week highs because of its quality and resilience. But it may have gotten ahead of itself given the risks ahead.

Mullen Group stock is a lesser-known stock to own

Mullen Group is a stock to buy that has been through some really rough times. And these rough times don't only relate to the coronavirus. As a company with revenues split between oilfield services and trucking, Mullen has been struggling for a long time. But today, this battered company is seeing glimmers of hope. [It even reinstated its dividend as things are looking up.](#)

Mullen Group reported better than expected second quarter earnings in July, with adjusted EPS rising 20% compared to last year. This is certainly something to be celebrated. Going forward, an improving oil and gas industry and the slow re-opening of the economy should support the stock. Mullen Group stock is trading at value multiples so it has this in its favour as well.

Foolish bottom line

In closing, the three stocks that are highlighted in this article are quality stocks with strong management teams. They are trading at 52-week highs today because investors are looking forward to what they deem to be a bright future.

I think we should hold off on buying these stocks right now, but keep them on our buy list. Buy on weakness.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CP (Canadian Pacific Railway)
5. TSX:MTL (Mullen Group Ltd.)

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