Forget Apple and Tesla and Buy These 2 TSX Stocks

Description

If you keep an eye on such names as **Tesla** and **Apple**, you may have noticed a strange thing happening on Monday. Their headline-generating stock splits were being blamed for a raft of frustrating broker outages. Investors took to **Twitter** to decry what many saw as an inability of such platforms as Robinhood and **TD Ameritrade** to handle the activity.

Beware of hot air, hot tips, and hype

Apple saw a lot of activity Monday, up around 3.4%, while Tesla leapt 10%. Interestingly, TD Ameritrade and **Charles Schwab** each sharply ditched a percentage point, highlighting investors' frustration at their platforms' performance during the market disruption caused by the two splits. Midweek saw the trend reversed, with Apple losing 1.5% and Tesla down 5.1%.

So why ditch much hyped stocks such as Tesla and Apple? It's certainly a contentious notion. Both names look solid for the long-term and they are undoubtedly high quality. These are the kinds of five-star stocks that could appreciate indefinitely.

But then again, they might not. Tesla is not alone in fashioning electric vehicles, for instance. And while its alternative power and links to SpaceX are big "nice-to-haves" for any stock portfolio, Tesla's long-term momentum may prove to be limited. The same goes for Apple. Apple is enormous, but its products and services are arguably just as vulnerable to losing market share as any other consumer discretionary player.

So never mind the fashionable names popping off stock splits and (possibly) crashing brokerage servers in the process. If it's upside you're after, consider names that have been battered by destructive pandemic-centric market forces this year. In other words, but cheap while it's still an option and hold for a recovery rally.

Look to recovery stocks for sustainable upside

Could investors retire on **Air Canada** (TSX:AC) and **Cineplex** (TSX:CGX)? It depends on when one is thinking of retiring. The fact is that air travel and entertainment are timeless and integral activities – in normal circumstances, anyway. The bullish take is that when the pandemic finally releases its hold on society, both areas will spring back with a vengeance. It may take a while to encourage consumers that these activities are safe again. When it happens, though, there will be no looking back.

Fear-mongering about a second wave of coronavirus infections aside, Air Canada is likely to come back stronger upon a recovery. In a week that is seeing better testing and strong vaccine hopes for the spring, Air Canada is up 7% over a five-day period. Cineplex is doing even better, up 9.8%. So the case for improvement in these names is gaining strength as an end to the pandemic comes into sharper focus.

But there are other reasons why investors may wish to look elsewhere for long-term upside in quality stocks. Buying shares in names because they are fashionable is no assurance of sustained wealth creation. Investors should look at the data and consider the effect of a sudden positive societal change on the markets. Chewed-up market leaders such as Air Canada and Cineplex could be in an ideal position right now.

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vhetherington