



Forget Air Canada Stock: Top Contrarian Names to Buy and Sell This Week

Description

Could the pandemic soon be over? That was the mood in the markets Monday morning. With **Pfizer** (up 10%) trumpeting 90% efficacy in trials of its COVID-19 vaccine candidate, the **TSX Composite Index** shot up 1.56% before noon. Investors may wish to temper their expectations, however. While the rollout of a workable vaccine signals the end of the pandemic, the effects of the crisis will continue to weigh on economies in 2021.

Sell those rocketing TSX stocks?

The rally that lifted the TSX Monday morning was not about who won the presidency. At best, some of that bullishness came from the relief that the election uncertainty was over, which explains why oil stocks were rallying despite Joe Biden's mission statement to transition out of hydrocarbons. Banks rallied, too, despite the anti-banking, anti-corporate sentiment that buoyed the Biden campaign.

With **Manulife Financial** up around 10%, and hydrocarbon bellwether **CNQ** gaining around 20%, investors got an early taste of [what a recovery might look like](#). **Cineplex** was among the biggest winners, gaining 35%. But consider Monday's rally a movie trailer, not the feature presentation itself. While these rallies are encouraging, they're much better trimming opportunities than buying ones.

Indeed, it's also worth paying attention to which stocks did *not* rally along with the markets Monday morning. Chief among these was tech stock bellwether **Shopify**, which lost 8%. Other asset types also took a nosedive. Gold was noticeably red in the face come Monday. **Wheaton Precious Metals** was down 6%, while **Franco-Nevada** lost 6.6%. These, then, are the buying opportunities this week.

Decoding the stock market relief rally

Seeing tech stocks take a hit? That's already been a clear sign this year of a market [betting on a vaccine](#). In short, Monday's bounce was a combination of relief from a wretched election cycle, but more importantly, hope for an end to the pandemic. **Air Canada's** explosive 26% recovery Monday, for instance, is testament therefore not to the election, but to the good news from Pfizer.

If you've been holding onto those beaten-up hydrocarbon stocks, Monday would have been a great time to sell some of them. Similarly, insurance company shareholders finally got a chance to release some liquidity during the relief rally. On the flip side, contrarian investors waiting for tech and gold to pull back had some tasty options at the start of the week.

The markets are moving fast, following a trend that was set early on in the year. At the time of writing, the positive stocks listed above were still on their way up, while negative performers were still losing ground. Some of those movers could have changed direction by the end of the week, though. As trigger-happy investors wash out of the market, contrarians should buy quality and stick to their strategies.

If this rally continues, though, contrarians may wish to continue trimming those rocketing stocks. Such names as Air Canada can always be bought again cheaper, once the rally has abated. Instead, now would be a good time to build up stakes in tech and gold miners.

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Date

2025/07/17

Date Created

2020/11/10

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