



Top of the Market? 7 TSX Stocks Hitting 52-Week Highs

Description

Perusing the charts of stocks hitting 52-week highs is a good way to help gauge investor sentiment. It's also illustrative of areas seeing steep positive momentum. On the flipside, checking out this week's year-long highs can also offer areas to raise liquidity.

Scanning TSX stocks for investor sentiment

BRP may not have been on every growth stock bingo card for 2020. However, I did single it out as a contrarian buy in tough times. Writing in 2019, I called BRP "a potential luxury stock that could outpace a recession." Last week saw investors pushing this name to a 52-week record high.

I've also been bullish on **Leon's Furniture**. The end of last week saw Leon's Furniture's stock price soar to a yearlong high. Another of my regular recommendations, **Magna International**, is also hovering around a 52-week high. This is in part due to the boost that [green economy stocks](#) have enjoyed since the U.S. election.

Methanex is also doing well, as December passes the midway point. Climbing to a 12-month high, Methanex closed out last week more positive than it has been all year. Monday saw Methanex continue that trend. **Xebec Adsorption** is also [generating a lot of momentum](#) at the moment. While this name has dipped at the start of the week, more upside could be forthcoming. Meanwhile, another growth stock — **Dye & Durham** — is beating its own record for the year this week.

A desirable, lower-risk retail pick

Canadian Tire ([TSX:CTC.A](#)) has also been hovering around a year-long high. This name is about as diversified and defensive as a consumer durable stock can be. A reliable 2.7% dividend yield is reasonably well covered with a payout ratio of just 47%. Looking ahead, earnings growth could be almost 25% annually, adding to a buy signal.

Value signals are mixed, though. While a P/E of 17 undercuts the multiline retail average, a P/B ratio of

2.5 times book is on the steep end for a retail stock. However, this is a high-quality pick, worthy of any mid-term recovery stock portfolio. And while debt to equity may be a concern for some investors, there's still much to recommend this name.

The year of the Black Swan

Now, these are mostly not your usual low-risk stocks. As such, to see such names trading at 52-week highs suggests that investor sentiment is still leaning towards greed. A vaccine recovery is baked in at this point. Investors are simply sitting out the health crisis, running momentum stocks, and waiting for a rally.

However, this sentiment may be glossing over the nature of the economy and the potential for a protracted pandemic. They say that hindsight is 20-20. But in the *year* 2020, hindsight need only stretch back as far as March. The pandemic market has already crashed once. It could happen again.

Back in 2019, Ski-Doos and pot stocks looked like hot contrarian picks for a common-or-garden recession. But seeing the recent appetite for risk is alarming. Coming in the middle of a fresh round of lockdowns, it's not altogether alarmist to wonder whether we are looking at the top of the market.

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TICKERS GLOBAL

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