ETORO Q4 TOP 5 STOCK PICKS: IS NOW THE TIME TO BUY?

It's hard to believe we are already in the final stretch of what will go down in history as one of the most eventful years in the stock market. Q3 brought us more stimulus driven euphoria as rampant tech markets saw the Nasdaq make several more record highs. The S&P managed to follow suit leaving only the Dow Jones as the major US index that had not managed to reverse its year to date losses.

The tide then started to turn in September as a deadlock in Congress over additional fiscal stimulus as well as increasing infection rates in Europe spooked investors as they sold out of stocks and sought safer pastures. The extent of the fear factor is evident in the fact that even gold took a hit and the preferred safe haven was cash with the USD catching a bid against its major counterparts.

Many investors may now be sitting on profits wondering what to do, or indeed still be holding some stocks in beleaguered sectors and searching out alternatives to try and eke out some gains during these uncertain times. A lot could change in the coming three months with the Federal Reserve intimating that there is some $300 billion in unused Covid-19 aid, so a stimulus package could yet be agreed. Not to mention we have the US election looming on the 3rd November which will undoubtedly cause some huge volatility in the build up and on the day.

In light of this, we have highlighted five stocks that are worth watching considering all the factors that are at play. Whether you want to batten down the hatches and look to protect your portfolio or if you think we could bounce from this correction and are ready to get back involved, these opportunities could fit the bill.

1. Kingfisher (KGF.L)

Source: eToro

- Kingfisher shares have gone from strength to strength since March lows, gaining 140%. The multinational retailer, whose UK presence includes B&Q and Screwfix, saw sales surge as Brits turned to DIY during lockdown.
- As we potentially enter a second wave of Covid restrictions, the trend of fixing old rather than buying new could continue as people tighten their belts during tough times.
- Kingfisher managed the crisis well, initially by closing some stores to protect cash flow, then by adapting to conditions by forming 'store in store' partnerships with the likes of Asda. In addition, they launched a successful trial of smaller B&Q 'express' stores which can service demand with lower overhead costs.
- They released their Q2 earnings on 22nd September and rallied as much as 10% on the day showing a 23% rise in first half profit and receiving a price target upgrade from Credit Suisse as a result.
- Analysts are fairly split on this one, with almost as many sells as buys, perhaps due to the fact that shares have gone up so much already and some investors may seek to take profits. Having said that, shares would still need to more than double to reach Kingfisher's turn of the century record close, plus it was only in 2018 we saw 357p which would be a 20% increase from where we are now.
- **Next earnings release: Q3 Trading Update, Thursday 19th November.**

***ANALYST CONSENSUS:**	35% BUY	35% HOLD	30% SELL
AVERAGE TARGET: 287p (-2.8%)	MOST BULLISH TARGET: **MORGAN STANLEY**		340p (+14.8%)
	MOST BEARISH TARGET: **J.P. MORGAN**		180p (-39.2%)

2. HSBC (HSBA.L)

Source: eToro

- There may understandably be some raised eyebrows at this inclusion given the recent resurfacing of a dossier which showed HSBC's involvement in money laundering. However, for a company that just a short time ago was second by market cap on the FTSE100 to be trading at a 25 year low, it definitely warrants some consideration.
- The classic stock market mantra is 'buy low, sell high' and you would have to go back to 1995 to be able to pick up HSBC shares at this price. This is lower than peak Covid-19 and lower than the Global Financial Crisis of 2009. A brave but patient investor who can envisage them coming out the otherside of the current situation could stand to gain double or even triple digits in percentage terms. Despite the situation, milestone low prices often attract price speculators, causing a bounce after a sharp drop.
- Investors must be aware that there are many factors that could be standing in the way of a recovery. Firstly the low interest rate environment is not favourable for financial stocks anyway, but having cut its dividend on top of its own operational challenges it may take a while for the bank to regain the faith of investors.
- Whilst the stock is heavily weighted towards a sell by analysts, the vast majority of price targets are still above the current historic low, hence the average is still some 26.5% higher than the current price.
- The highest target of 800p is just 3p ahead of a price we saw not too long ago back in January 2018.
- **Next earnings release: Q3 2020, Tuesday 27th October.**

***ANALYST CONSENSUS:**	16% BUY	36% HOLD	48% SELL
AVERAGE TARGET: 358p (+26.5%)	MOST BULLISH TARGET: **SANTANDER**		800p (+182.7%)
	MOST BEARISH TARGET: **ALPHAVALUE**		271p (-4.2%)

3. Unilever (ULVR.L)

Source: eToro

- In recent weeks, we have seen Covid-19 case numbers begin to rise again in Europe and as fears grow for another lockdown, some investors are looking to de-risk. During times of uncertainty, defensive stocks are often in favour. People will still have to buy essentials whatever the state of the economy and as such we have included consumer goods giant Unilever.
- The company is moving to simplify its corporate structure to be completely London based as opposed to the current Anglo-Dutch set up. This was backed by Dutch shareholders in September and will go to a UK vote on 12th October.
- Unilever, which currently houses over 400 brands all over the world, will benefit from easier acquisitions and disposals as a result of being under one London entity as the tax structure would be much simpler.
- Shares have been uptrending since March, rising 29% since then and shares are still some 12% off the record high reached in September 2019. That high of 5321p is expected to be exceeded by some analysts.
- **Next earnings release: Q3 2020, Thursday 22nd October.**

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***ANALYST CONSENSUS:**	44% BUY	37% HOLD	19% SELL
AVERAGE TARGET: 4838p (+1.6%)	MOST BULLISH TARGET: **BARCLAYS**		5500p (+15.5%)
	MOST BEARISH TARGET: **MORGAN STANLEY**		3800p (-20.2)

4. Barrick Gold Corp (GOLD.BARRICK)

Source: eToro

- Not long ago, the gold price was at record highs as during times of uncertainty it is often considered a 'safe-haven'. As well as this, the lack of viable alternative safe havens such as cash and bonds having next to no yield, gold was the beneficiary of investors seeking to store some value during choppy times. Despite the fact that the price has come off and consolidated in recent weeks, we still think some consideration should be paid to having exposure to gold as part of a diversified portfolio.
- Barrick Gold is a mining company that operates in 13 countries and last year produced 5.5 million ounces of gold and has revenues of $9.7 billion.
- There are many vehicles by which you can invest in gold. Physical gold often comes at a premium. Trading the spot price often involves using leveraged derivatives which can be high risk. Therefore, with stocks being familiar to most investors, a gold mining company is a great alternative. It stands to reason that if the price of gold rises, the company's revenues will rise.
- With unprecedented levels of monetary and fiscal stimulus, many investors are worried about inflation. As gold has an inverse relationship with the dollar, it is often used as an inflation hedge.
- Barrick Gold's revenue increased 48% year on year in Q2 due to the higher Gold price. This time last year it was around $1,500. Even with the recent drop in price it is still 24% higher than last year.
- 100-day moving average (black line on the chart) has provided consistent support since March lows (red horizontal line). Convincingly clearing $30 has proved to be a significant hurdle of resistance.
- **Next earnings release: Q3 2020, Wednesday 4th November (estimated).**

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***ANALYST CONSENSUS:**	68% BUY	28% HOLD	4% SELL
AVERAGE TARGET: $32.80 (+18.4%)	MOST BULLISH TARGET: **CIBC CAPITAL MARKETS**		$47 (+69.7%)
	MOST BEARISH TARGET: **MORNINGSTAR**		$16 (-42.2%)

5. Apple Inc. (AAPL)

Source: eToro

- What might seem like an obvious entry given its performance, the fact that FAANG stocks have made up as much as 25% of the S&P 500 this year is all the more reason they are all stocks to watch and Apple is our pick of the bunch.
- Mega-cap tech has been the go to place for investors in this stimulus fuelled equity rally that we have seen, with Apple having made multiple record highs this year.
- Apple became the first $2 trillion market cap company although has since lost this moniker due to recent price moves.
- The recent four to one stock split has made the stock more accessible to more investors with its lower price point, particularly as we can say that 2020 has very much been the year of the retail investor.
- The 50-day moving average (red line on the chart) has hugged the uptrend since May and by and large this is a level of support that has held.
- To get back to record highs, shares would need to rally 20%, but despite the recent equities sell-off, if a US fiscal stimulus package is finally agreed, we could see investors returning to tech stocks with Apple being one of those beneficiaries.
- **Next earnings release: Q3 2020, Wednesday 4th November (estimated)**

***ANALYST CONSENSUS:**	59% BUY	30% HOLD	11% SELL
AVERAGE TARGET: $120.58 (+7.4%)	MOST BULLISH TARGET: **J.P. MORGAN**		$150 (+33.2%)
	MOST BEARISH TARGET: **ROSENBLATT SECURITIES**		$62.50 (-35%)

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All data sourced from Bloomberg valid as of 25/09/2020. Charts sourced from eToro platform 25/09/2020. All trading carries risk. Only risk capital you can afford to lose.