It’s Vulture Time! Here Are 3 Stocks That Bay Street Smashed Last Week

Description

Hi there, Fools. I’m back again to highlight three stocks that fell sharply last week. Why? Because some of the greatest fortunes are made by buying solid companies

- during periods of extreme pessimism;
- when they’re being completely forgotten by Bay Street; or
- when they’re trading at a significant discount to intrinsic value.

The **S&P/TSX Composite Index** fell about 2.7% last week, so there should be plenty of value to be had.

Let’s get to it, shall we?

Off the rails

Kicking off our list is **Canadian Pacific Railway** (TSX:CP)(NYSE:CP), whose shares dropped 8% last week. The railroad giant is now up just 11% over the past year, while the **S&P/TSX Capped Industrials Index** is flat during the same time frame.

The transportation sector was hit particularly hard last week, which could be a leading indicator of weakening overall sentiment. That said, CP shares are certainly worth pouncing on.

In Q3, EPS of $4.12 topped expectations by $0.05, while revenue soared 19% to $1.9 billion. More importantly, the company’s operating ratio — a key metric in the railroad business — improved 270 basis points to a record low of 58.3%. Management also reiterated its guidance for full-year EPS growth of plus 20%.

Currently, the stock trades at a reasonable forward P/E in the mid-teens.

Goose landing

Next up, we have **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS), which plunged 13% last week. Nevertheless, shares of the winter jacket specialist are still up 117% over the past year versus a loss of 16% for the **S&P/TSX Capped Consumer Discretionary Index**.

Tariff-related anxiety also weighed heavily on apparel stocks last week. Plus, when you consider how high Canada Goose shares have already flown, it’s no surprise Bay Street is hitting them extra hard.

On the bright side, Canada Goose remains in tip-top shape. In Q3, EPS of $0.46 walloped estimatesby $0.26, as revenue flew 34%. And looking ahead, management sees full-year 2019 EPS growth of at least 40% on top-line growth of at least 30%.

With the stock now off nearly 20% from its 52-week highs, it might be time to start nibbling.

Get rich with Richelieu

Rounding out our list is **Richelieu Hardware** (TSX:RCH), whose shares plunged 12.5% last week. The specialty hardware company is now down 34% over the past year versus a loss of 16% for the **S&P/TSX Capped Consumer Discretionary Index**.

If you aren't familiar with Richelieu, it's an attractive small cap that distributes over 110,000 specialty hardware products to a base of more than 80,000 customers. It does this through a network of 72 centres across North America, including two manufacturing plants.

Over the past five years, Richelieu has steadily grown its income and revenue 29% and 46%, respectively. More importantly, it grows with very minimal debt.

With the stock now off about 35% from its 52-week highs and trading at a price-to-sales of 1.3, Richelieu's risk/reward trade-off looks solid.

The bottom line

And there you have it, Fools: three recently battered stocks worth taking a closer peek at.

As a word of caution, they aren't formal recommendations. View them, instead, as a list of ideas for further research. Plunging stocks can keep plunging for a prolonged period of time, so extra due diligence is required.

Fool on.

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