# Should Canada Goose Holdings Inc (TSX:GOOS)(NYSE:GOOS) Stock Be on Your Holiday Shopping List?

## Description

**Canada Goose Holdings Inc** (TSX:GOOS)(NYSE:GOOS) is coming off a strong quarter where it continued to show impressive sales and profit growth. However, since the start of the month, Canada Goose has taken a bit of a dive and on Tuesday closed below $74, for a decline of around 20%.



**Why has the stock been falling?**

The problems stem back to Huawei's CFO Meng Wanzhou's arrest in Canada during a layover, at the request of U.S. officials. The legitimacy of the actions have been questioned by China, and as a result, Canada –and one of its most popular brands — has seen a backlash.

There's been an attempt to boycott Canada Goose products as China tries to put pressure on Canada to release Wanzhou.

It's an unfortunate situation for Canada Goose to find itself in, as it's become a victim of its own name and logo. The brand is easily recognizable and associated with Canada, and while Canada Goose is likely proud of that fact, it's hurting its stock today.

Earlier this year, Canada Goose announced plans to go into China to expand its business, but these developments create some big question marks around that.

**Should investors be worried?**

How this whole situation plays out is going to undoubtedly have a big impact on how long China will target the Canada Goose brand. Over the long term, we'd certainly expect this issue to be a non-factor, as there's been nothing negative to do with Canada Goose to justify such a harsh reaction.

In the short term, however, I'd be concerned because not only is the stock declining today, but we might see softer sales numbers in the next earnings release, which could create a snowball effect where the company underperforms and the stock slides even further down in price.

It's a stock that today looks destined to fall because of these developments. While I would expect it to eventually recover, the big question is how long it will take for that to happen and if it'll return to its previous highs.

A strong earnings report can help erase bad memories, but for next quarter, the company will certainly have its work cut out for itself. And with Canada Goose's peak season coming up, these problems couldn't have come at a worse time.

**Bottom line**

If you're looking to buy Canada Goose stock, it might be a good idea to wait in the sidelines for now. While the stock is as good a buy as it was a couple of weeks ago, external events have impacted its value today and could very well hurt its next earnings results.

Canada Goose's strong direct-to-consumer market enables it to sell across the globe, and weak demand from Chinese customers will certainly be bad for its top line.

Although the stock is by no means a value buy, investors have shown a willingness to pay a big premium for Canada Goose because of its strong growth and impressive financials.



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