2 Stocks You'll Need to Part Ways With if the Market Keeps Selling Off

Description

Last week, the TSX Index closed in the red (posted a loss) for the third time in four weeks.

But while publicly traded markets around the world, for the most part, are still managing to hold their ground, there are some experts out there that fear if the current trade negotiations between the United States and China continue to drag on or even intensify, it could end up spelling a less-than-desirable outcome for the financial markets.

If that ends up happening, investors will want to spend at least a little bit of time reviewing their investment portfolios to make sure they've properly positioned themselves to withstand any short-term turbulence the markets might dare to throw at them.

Here are two higher risk — but still core — TSX holdings that would be at the top of the list of positions I'd be looking to trim if I thought that there was a chance things could get worse before they start getting better again.

Crescent Point Energy (TSX:CPG)(NYSE:CPG) is one of Canada's more highly levered oil companies. Its shareholders have had to endure the unfortunate fate of consecutive dividend cuts over the past couple of years.

Crescent Point isn't actually a oil sands operator, which makes it a bit of an exception among the rest of Canada's energy market, but even still the company has struggled in recent years to manage the trade-off of investing in production, maintaining a strong balance sheet, and keeping shareholders satisfied.

As a result, Crescent Point's shares have fallen from north of $30 per share to now less than $5 on the TSX.

Yet as markets have rallied to start the year, Crescent Point been a big benefactor, with its shares now up more than 14% in 2019.

However, the unfortunate news for current shareholders of this company is that even though better days may indeed still be ahead, this is a stock with a history of making investors nervous. Thus, it may find itself at or near the top of the chopping block of many Canadians' investment portfolios.

Corus Entertainment (TSX:CJR.B) is another stock that has had a tough go, even amid this historic bull market. And that's usually not a good sign.

Following consecutive years of declines, Corus stock has rallied this year, up more than 30% to date.

Late last year, Corus announced it would be reducing its quarterly dividend by 36% from $0.095 to $0.06. While sometimes a dividend cut can spell disastrous results, in this case the market responded favourably, sending the Corus shares skyrocketing.

Yet this is still a company that has a lot of challenging work and more difficult decisions ahead.

The North American media landscape has changed dramatically in what are probably irreparable ways.

Meanwhile, Corus with its close to $2 billion in long-term debt is not exactly in the most enviable of positions if it were to start wanting to exercise more strategic flexibility in its operations.

There are plenty of legitimately exciting options out there in the digital media space right now. With Corus shares already down 19% so far in May, I wouldn't be surprised if investors continued to look for opportunities to lock in or realize their recent short-term capital gains.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Tags

1. Editor's Choice

Date
2025/07/05
Date Created
2019/05/28
Author
jphillips