



Leading Brokers Name 3 TSX Shares to Sell Friday

Description

The TSX was basically flat in Thursday trading while the major U.S. stock exchanges gained ground, despite a 10% decline for **Netflix** on poor subscriber numbers.

Analysts were not in a cheery mood Thursday, downgrading the following three TSX stocks.

Aurora Cannabis

On the same day as **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) announced it landed a big contract for medical cannabis with the Italian government, the Bank of America downgraded the cannabis company to “neutral” from “buy” and lowered its price target from US\$10 to US\$8.

Analyst Christopher Carey is concerned that the Edmonton company is burning through cash too quickly. As a result, it will likely require additional funding in the new few quarters, because it’s expected to be cash negative by Q1 2020.

Aurora’s stock dropped 6.5% Thursday on the news.

Vermilion Energy

Energy stocks such as **Vermilion Energy** ([TSX:VET](#))(NYSE:VET) took it on the chin Thursday after inflation news for June showed that gasoline prices fell by 9.2%. In the province of Alberta, gas prices have fallen by 12.7% over the last 12 months.

As a result of these lower gas prices, **RBC** Capital Markets analyst Greg Pardy lowered his target price for the oil and gas producer by 18% Thursday to \$33. Not only did Pardy lower his target price, but he also cut his rating of the energy stock from “outperform” to “sector perform” on lower cash flow due to the lower prices.

The biggest concern is that this drop in cash flow could lead to Vermilion cutting its dividend for the first time in its history. This threat will continue to weigh on its stock.

Alimentation Couche-Tard

On Thursday, Bank of Montreal analyst Peter Sklar lowered his rating on **Alimentation Couche-Tard** (TSX:ATD.B) from “outperform” to “sector perform” while maintaining his \$84 price target on its stock due to potential crackdown on the sale of e-cigarettes and vaping pens.

According to the analyst, Couche-Tard’s same-store sales have significantly benefited from the increasing use of these products in the U.S. However, cities like San Francisco are banning their use altogether, putting the e-cigarette market in an awkward position.

Its merchandising same-store sales could be cut in half in the U.S. in 2020 as a result of tighter e-cigarette regulations. If so, it’s unlikely that investors will be willing to pay the same rich multiple of 12 times its forward EBITDA for its stock.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NYSE:VET (Vermilion Energy)
3. TSX:ACB (Aurora Cannabis)
4. TSX:VET (Vermilion Energy Inc.)

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Author

washworth

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