



3 TSX Stocks at the Top of My List to Sell in August

Description

With the TSX Index just few points off its all-times highs, the economy continuing to chug along, and central bankers considering the prospects of another interest rate cut, there's certainly plenty of reason for optimism among investors.

Yet there's always going to be turnover in the markets.

With that in mind, here are three stocks that are at the top of my list to sell in August.

Bausch Health Companies ([TSX:BHC](#))([NYSE:BHC](#)) making a list of this sort may come as a surprise to some readers.

BHC stock has after all gone on to gain more than 260% since it "bottomed out" early in 2017.

But even though BHC saw 5% organic revenue growth in the first quarter, driven by its Bausch + Lomb business, this is a company with quite a bit of work ahead of itself.

Management will need to continue on its current course of paying down outstanding debt obligations while avoiding falling into the pit of not having sufficient funds left over to reinvest in the growth of its own future.

It's not an impossible task by any stretch of the imagination, and the team at BHC has already done an outstanding job to date.

Meanwhile, with the stock already having seen such a gigantic run up in its value over such a relatively short period of time, I wouldn't be surprised at all if we started to see investors looking to lock in their profits.

When I think about the stage of where the Canadian economy is at presently, I tend to favour the strength, size, and defensive nature of Canada's larger financial institutions over perhaps the prospects of smaller, alternative lenders such as **Canadian Western Bank** ([TSX:CWB](#)).

Don't get me wrong, [I still like the prospects of companies like CWB](#) longer term, if not simply because their smaller statures concurrently mean they have potentially longer runways of growth ahead of themselves.

But in a weaker economic environment (and I'm not saying that's necessarily where we are today), stocks like CWB should be expected to underperform their larger peers like Canada's "Big Five" banks.

And while I'm not in the business of timing the market by any stretch of the imagination, CWB stock has begun to fade in its momentum over the past few months.

I'd likely be a buyer at something closer to \$20 per share, at a level where the stock would be trading closer to its reported book value, but until then, I think I'd prefer to be on the sidelines with this one.

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) is another stock that's begun noticeably selling off as of late.

I'm not actually bearish on the cannabis markets as a whole, generally speaking; there are quite a few cannabis stocks that I happen to like very much right now.

But ACB and its management team have taken on some fairly bold moves in trying to grow out the company's market share in a relatively short period of time, and while those are moves that could certainly pay off longer term, they're moves that have created a more leveraged business model compared to certain other players operating within the space.

If cannabis stocks as a whole were to experience a "hiccup" — even if it proved to be a short-lived one — the more leveraged nature of ACB is that its likely to feel the pain a little worse than some of its [more conservatively managed competitors](#).

ACB stock also fell below its 200-day moving average earlier this month.

Because of the inherent volatility and bullish optimism surrounding the long-term prospects for cannabis growth (which I tend to agree with, for the most part), this is also a stock that could just as easily change course to head in the opposite direction.

ACB has recently fallen below its 200-day moving average earlier this month. I'm just not a huge fan of the risk/reward trade-off in Aurora Cannabis stock right now — at least for the time being.

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2. NYSE:BHC (Bausch Health Companies Inc.)
3. TSX:ACB (Aurora Cannabis)
4. TSX:BHC (Bausch Health Companies Inc.)
5. TSX:CWB (Canadian Western Bank)

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Author

jphillips

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