These Were the Worst-Performing Stocks on the TSX Last Week

Description

The **S&P/TSX Composite Index** finished the week of July 29 to August 4 down 1.57%, while the weekly performance of the **S&P 500** was even worse, down 2.97%.

South of the border, investors reacted poorly to the fact the Federal Reserve is unlikely to cut interest rates by much more than the quarter-point it made during its quarterly meeting. Also, President Trump indicated that the U.S. would impose a 10% tariff starting September 1 on any Chinese imports not currently subject to duties.

Here in Canada, our gross domestic product for May rose more than expected, prompting investors to believe rate cuts by the Bank of Canada are unlikely.

To make matters worse, while most Canadians were celebrating the civic holiday on Monday, the U.S. markets were plummeting. The Dow lost 760 points — its worst day of trading in 2019.

With that in mind, here are three of the worst-performing stocks on the TSX last week.

Teck Resources

Teck Resources (TSX:TECK.B)(NYSE:TECK) continues to suffer from slowing demand of its refined metals and a surplus of unrefined ore. As a result, its second-quarter results saw adjusted earnings per share drop by 28% in the second quarter on much lower volumes.

As a result of the slowing demand, the company announced July 23 that it is shutting down a zinc mine near Metaline Falls, Washington. Teck restarted the mine five years ago after letting it sit idle for five years before re-opening in 2014.

Despite the slower demand for Teck's products, RBC Dominion Securities analyst Sam Crittenden believes Teck can generate $2.5 billion in free cash flow in fiscal 2020. That could provide investors with a potential dividend yield of 5.3% in 2020.

Great-West Life

Great-West Life (TSX:GWO) took it on the teeth July 31 when it announced lower Q2 2019 earnings, sending its stock down by more than 2% on the news. Down 2.91% for the week, it's now lost more than 12% of its value over the past three months.

If you exclude one-time items, Great-West earned $658 million in the second quarter, 21% lower than in the same quarter a year earlier.

The company closed the sale of its U.S. Individual Markets business during the quarter on June 1. It sold the unit for $1.6 billion to Protective Life. It is now in the process of amalgamating the companies three insurance brands: Great-West Life, Canada Life, and London Life under the Canada Life banner.

Great-West Life continues to struggle in all three of its major markets: Canada, U.S., and Europe, with all three regions generating lower profits in the second quarter.

Until the amalgamation is completed, investors can expect significant volatility from GWO stock.

Bombardier

The honeymoon for **Bombardier** (TSX:BBD.B) appears to be over. Any gains it achieved from handing the CSeries over to Airbus have all but disappeared, closing the week at $1.85, down 16.3% over five days of trading.

Most of the week's drop was due to the company lowering its financial forecasts as a result of higher costs at its troubled rail-equipment division. The division is faced with $300 million in additional expenses that are necessary to ensure it delivers its trains on time.

Bombardier had expected to burn through $250 million in free cash flow in 2019. It now expects to double its free cash flow burn for the year.

Bombardier stock remains one of the most volatile stocks on the TSX.

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1. Investing

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1. NYSE:TECK (Teck Resources Limited)
2. TSX:BBD.B (Bombardier)
3. TSX:GWO (Great-West Lifeco Inc.)
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