



WARNING: These 3 Stocks Are Tanking With no End in Sight!

Description

The month of September was kind to Canadian investors. With the **S&P/TSX Composite Index** having hit a record high, it saw a return to gains after several losing months.

Banks in particular gained in September, with the financial sub-index rising an impressive 7% in one month. Not all industries fared so well, however.

Tech stocks saw a surprise sell-off in September that left many investors reeling, and marijuana stocks mostly continued their summer-long nosedive. Indeed, it's beginning to look like September's gains were driven mainly by large caps in the financial sector, which make up 32% of the TSX.

Apart from that, many stocks continued their months-long plunges without interruption. The following are just three for you to continue avoiding in October.

CannTrust

CannTrust Holdings Inc (TSX:TRST)(NYSE:CTST) has been continuing its impressive decline ever since its Health Canada scandal broke in August. Although Health Canada recently [declined to revoke the company's licenses](#), it *has* suspended sales, which has the same effect in the short term.

The fact that CannTrust is still licensed to sell pot means it could turn things around eventually. On the other hand, the fact that it's under scrutiny from regulators is a huge liability.

Recall that CannTrust has had holds put on its product not once, but twice, which means that Health Canada is keeping its eye on the company, and that there could be more drama going forward.

SNC Lavalin

SNC Lavalin (TSX:SNC) was at the heart of a major political scandal earlier this year and has been tanking ever since. The scandal centered around bribes the company allegedly made to African

leaders, and the Trudeau government's [alleged attempts to prevent prosecution](#).

If SNC-Lavalin or its executives were ever convicted of charges related to corruption, it would negatively impact the company's ability to win contracts in Canada.

The reputation hit would also probably harm the company's ability to win contracts in foreign countries—especially as the allegations pertain to its actions in Libya.

Baytex Energy

Baytex Energy Corp ([TSX:BTE](#))(NYSE:BTE) is a beaten-down energy company that has been falling consistently since 2012. That year, the company's stock peaked at \$58. Today, it trades for just \$1.96 at writing. The big reasons for Baytex's poor performance are weak oil and debt.

The company spent most of 2014 leveraging its balance sheet to finance future projects. At the same time, oil was nosediving. This left the company with \$2.29 billion in debt, up from just over \$700 million a year before.

Piling on debt while the commodity you sell is declining in value isn't a recipe for success. Predictably, the company followed up 2014 with several losing quarters.

If oil strengthens in a big way, then perhaps Baytex could turn it around. However, that's a big *if*. This company still has about \$2 billion worth of debt on its books, leaving it with enormous interest expenses for a relatively small company.

Even moderate increases in the price oil probably wouldn't save it. It would likely take a truly massive oil boom for Baytex to turn things around, and even then, there are better stocks to buy.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)
2. TSX:BTE (Baytex Energy Corp.)

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