TFSA Investors: 2 Plunging TSX Index Stocks That Could Soar in 2020

Description

While the TSX offered a very good performance in 2019 (with a year-t0-date return of about 20%), some stocks have plunged quite steeply. You may think that it's better to avoid plunging stocks out of fear they might plunge further. While this can happen, some stocks that have fallen a lot in 2019 have good chances of soaring in 2020.

Aphria (TSX:APHA)(NYSE:APHA) and **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) are two stocks that I think are good buys on the dip, as they should deliver strong returns in 2020.

Aphria

Like other pot stocks this year, Aphria's stock has plunged, falling about 10% year to date. This could be an opportunity to buy Aphria on the dip, as the stock could make huge gains in 2020.

Aphria recently announced it has secured an $80 million credit facility for its Aphria Diamond growing facility. This credit will be made available to the Canadian cannabis firm by a major bank at a 5.5% interest rate, which is a very reasonable term. Since the announcement of this loan, Aphria's shares have gained about 10%.

Aphria could potentially benefit from significant gains through its overseas operations while the majority of its rival companies are focused on the North American market.

Aphria won a contract in Germany that will see the pot company produce one tonne of cannabis per year, starting in the second half of 2020. Aphria estimates that German demand is already five times higher than the total production capacity attributed to Aphria and other initial German producer companies, which means that the selling price per gram could probably be higher.

Aphria is expected to boost sales by 150% to $591 million in fiscal 2020. Earnings per share should increase by 171% to $0.05 per share. Aphria is one of the few pot stocks to show profits. It has beaten analysts' estimates by a wide margin in the last two quarters.

Canada Goose Holdings

Canada Goose is quickly becoming one of the best Canadian stocks to buy, mainly because of its prestigious brand recognition and the fact that it has turned its ridiculously expensive parkas into a must. The more expensive your product is, the stronger the brand you need to push it.

What is particularly appealing is that Canada Goose's parkas are fast becoming a status symbol around the world, especially in China. The company recently opened stores in Boston and Tokyo, further expanding its global footprint.

Analysts expected 25% to 30% revenue growth in fiscal 2020, but Canada Goose has moderated expectations and said 20% to 25% was more feasible. Sales are expected to exceed $1 billion for fiscal 2020. The stock took a hit on the revised guidance, losing nearly 30% on a single day of trading. Year to date, the stock has plunged more than 15%.

Canada Goose has not missed analysts' estimates of sales and earnings in a single quarter since its IPO, and it just continues to deliver. EPS is expected to increase by 25% to $1.70 for fiscal 2020.

If the company can increase its online presence, this will have a positive effect on its sales volume and profit margins. According to Canada Goose, jackets sold online generate 2 to 4 times more operating income than the ones sold in stores.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Date
2025/08/26
Date Created
2019/12/19

Author
sbchateauneuf