Top TSX Stocks: 2 Canadian Heavyweights That Lost 50% This Week

Description

It’s been over a month now since the markets started falling on the virus outbreak. The **S&P/TSX Composite Index** has fallen more than 30% since its record high levels last month. And that’s not all: We could see more weakness in the near future across industries and stocks. The crash has been so brutal that some of the top **TSX** stocks have fallen to levels not witnessed in decades.

While the coronavirus pandemic has been affecting travel industries across the globe, the crude oil price war has severely dented the energy markets. In turn, investors’ darling stocks **Air Canada** (TSX:AC)(NYSE:AC.B) and **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) have been particularly weak recently, falling more than 50% in the last four days.

Air Canada stock off 75% from record highs

Air Canada, the country’s largest airline, witnessed its stock return more than 3,700% in the last decade. However, it is currently trading at its October 2016 levels, losing more than 75% of its value since a record high in January.

What’s even more concerning for Air Canada and its investors is the uncertainty of the travel bans and grounded flights amid the lockdown. While the stock is continuing to dig deeper, we still don’t know whether the pandemic has peaked. How it sustains in the challenging times will be watched closely.

Some are advocating Air Canada’s recent fall and discounted valuation as an opportunity to buy. However, in my view, there is too much uncertainty involved around it, and we may see more weakness in the short term. Thus, it would be prudent to invest part of the investible amount now and retain the cash for the further downfall to average.

Indeed, Air Canada has been through tough times earlier as well and emerged even stronger in the last decade. After all, lower jet fuel expenses driven by falling crude oil prices would be a huge positive for airline companies. However, I would expect some clarity coming in, and the virus jitters wane at least to some extent.

Top TSX stocks at multi-year lows

Top energy stock Canadian Natural Resources has fallen more than 75% since its 52-week highs since last month. The stock has not seen these levels in the post-financial crisis period.

It's worth pondering that given how dreadful March 2020 has been for the energy companies, how will those companies fare in April, when Saudi actually floods oil in the already oversupplied markets.

Canadian Natural Resources indeed stands tall among peer energy players as a low cost producer and due to its long-lasting, high-quality oil sand assets.

Its dividend profile is another silver lining for investors. CNQ's dividend yield has peaked to 16%, and notably, its five-year average yield comes in around 3%.

Its scale and unique set of assets may act as its competitive advantages. However, as I stated earlier, there's big uncertainty involved in the short term. Thus, it would be prudent to invest in tranches.

Many top TSX stocks have fallen to multi-year low levels this week, and it's little wonder that aviation and energy sectors were among the hardest hit.

In comparison, safe-play utilities and telecoms were relatively better off and could continue to serve as an effective hedge amid these uncertain times.

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