2 Stocks to Sell in a Dismal Market

Description

Volatility remains king in the current market. After most stocks hit 52-week highs in February, March brought with it a score of 52-week lows. That same extreme volatility last week shot the market back up well over 1%. Throughout this volatile market, there has been plenty of talk about great buying opportunities but not much around selling stocks.

Here are several underperforming stocks to consider selling in lieu of one or more discounted top picks.

The power is on, but nobody is buying … Sell!

Cameco (TSX:CCO)(NYSE:CCJ) is a one-time titan that has ended up in the discount bin in recent years. As one of the largest uranium miners on the planet, Cameco benefits from the growing adoption of nuclear power. Utilities looking for a clean and quick way to generate power for their growing infrastructure needs have turned to nuclear power. So, why would investors want to sell?

The only problem with that is the cost of uranium has had a dismal decade. Following the Fukushima disaster in 2011, the demand for nuclear power has all but evaporated. This has resulted in the price of uranium dropping to the low US$20s per pound from a near US$60 per pound back in 2011. That drop represents a solid argument for investors that want to sell.

Demand for nuclear power has grown in recent years, fueled by strong demand in countries with growing infrastructure needs. By way of example, China, India, and Russia constitute nearly half of the new reactors under construction worldwide. Unfortunately, despite that renewed growth, the price of uranium remains low.

Cameco has even turned to cease production at some facilities, slashing costs and as well as its dividend to rein in costs. Year to date, Cameco is down over 11%, which may seem like a win considering the state of the rest of the market, but over the trailing 12-month period those losses extend to over 30%. In other words, now might be a great time to sell and pick up another discounted stock that has growth potential.

Staying healthy is paramount in this new reality

The global coronavirus pandemic has dramatically changed our daily lives. The pharmaceutical sector in particular is facing immense challenges to work with governments and agencies on providing medicine to patients and working on a potential vaccine to COVID-19. **Bausch Health Companies** (TSX:BHC)(NYSE:BHC) is doing its part as well. The company recently announced it was ramping up production of chloroquine and azithromycin in some markets, while providing supplies and assistance in others. So, why would investors want to sell?

Unfortunately, those efforts don't exactly make Bausch a screaming buy. The company has been clawing out from billions of debt stemming back to its near collapse in 2016. When well over 90% of the company's value was wiped out, many investors were stuck holding pennies on the dollar, waiting for better times.

That time to sell might be now. To be clear, what Bausch has done in the past few years to turn around was nothing short of incredible. Investors will find better gains (and possibly dividends) by opting to invest in any number of discounted greats.

So far in 2020, Bausch has dropped over 45%, while over a longer two-year period, the company is near flat.

CATEGORY

1. Investing

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2. NYSE:CCJ (Cameco Corporation)
3. TSX:BHC (Bausch Health Companies Inc.)
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