Market Crash 2020: Why Are These Canadian Stocks Down So Much?

Description

One of the most interesting parts of a market crash is when investors send shares of just about every company lower. It's then up to the enterprising investor to determine where the best bargains are and invest accordingly.

This market crash is no different. Certain companies have seen their stock prices fall dramatically, even though their overall outlook hasn't changed all that much. Sure, high unemployment and a struggling economy will hurt every company. But some are more likely to get though this storm relatively unaffected.

Despite this, these companies' stock prices have barely outperformed the overall market. It just doesn't make sense to me.

Here are three Canadian stocks that have been severely impacted by this market crash — names that look poised to perform pretty well during these tumultuous times.

Rogers Sugar

Although sugar might not be as valuable as toilet paper right now, my local grocer reports sales of the normally steady-selling sweetener have shot through the roof lately. They can barely keep it on the shelf.

Despite this, **Rogers Sugar** (TSX:RSI) shares haven't done terribly well over the last month. The company's shares have outperformed the overall market, but they're still down approximately 15%.

It goes further than just demand for the product on grocery store shelves. Folks are loading up on products that have sugar in them, the kinds of processed foods that'll last a few months in the pantry. Quarantine isolationists are making sure they have plenty of delicious snacks handy — something that'll also help boost Rogers's bottom line.

And then, when life returns to normal, so will the company's business. In other words, I don't predict too much of a drop-off for this stock.

This is all good news for the company's succulent 8.3% dividend — a payout that sure looks to be sustainable. You'll still get paid to wait during this market crash.

Molson Coors

Over the past few years, **Molson Coors** (TSX:TPX.B)(NYSE:TAP) has been plagued by a high debt load, weaker-than-expected sales, and a general decline in beer consumption. The international company would generally post decent results from Europe, but sales in North America would continually come up a little short of expectations.

That trend has definitely reversed itself, at least temporarily. Beer sales in the United States shot up 42% in the month ending March 21 and have likely done even better since. Remember, people could still go out to many places a week and a half ago. They're forced to drink at home today, with many turning to alcohol to help ease the discomfort of being alone.

Despite this significant trend, Molson Coors shares on the Toronto Stock Exchange are still down approximately 20% over the last month. The stock is cheap on a price-to-book value and price-to-free cash flow perspective, and shares yield a robust 5.4% after the company recently hiked its dividend by 39%.

Northwest Healthcare

Northwest Healthcare Properties REIT (TSX:NWH.UN) has been crushed by the market crash, with shares falling approximately 30% compared to its 52-week high, which was set back in February. Its portfolio includes medical office buildings, clinics, hospitals, long-term care facilities, and retirement residences in Canada, Europe, Australia, and New Zealand.

Most of these assets will get through this crisis just fine. There's the risk of many older folks succumbing to COVID-19, but I remain optimistic that steps taken today will be enough to save most seniors. And as morbid as it sounds, much of the medical industry is booming today. This busyness will be good for the REIT's bottom line.

In the meantime, investors who think the stock will ultimately recover can lock in a great entry point. The market crash has pushed shares down to the $8 range — a level that comes with a 9.2% dividend yield. That's an excellent payout that should be sustainable once the world returns back to normal.

The bottom line

Today's market crash has unfairly decimated a lot of stocks. I believe Rogers Sugar, Molson Coors, and Northwest Healthcare Properties REIT are three stocks that deserve a better fate. These stocks offer excellent upside potential once the market returns to normal.

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:RSI (Rogers Sugar Inc.)
4. TSX:TPX.B (Molson Coors Canada Inc.)

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