



TSX Stocks: 2 Canadian Bigwigs That Lost 50% in the COVID-19 Crash

Description

Even if many **TSX** stocks have shown a sharp bounce back recently, the worst does not appear to be over just yet. While hospitality and aviation industries were among the most beaten-down sectors amid the COVID-19 crash, energy and minerals were equally weak this year. Lower oil and gas prices along with increasing recession jitters notably hampered these two cyclical industries.

One of the biggest energy companies in Canada **Imperial Oil** ([TSX:IMO](#))(NYSE:IMO) and a leading miner **First Quantum Minerals** ([TSX:FM](#)) were some of the biggest losers in this coronavirus market crash. These two top TSX stocks have lost more than 50% each so far this year.

Top TSX stock: Imperial Oil

Shares of a \$12 billion integrated energy company Imperial Oil went into a tailspin amid the double whammy of weak crude oil prices and pandemic-driven lockdowns. The stock fell close to \$10 last month to levels not seen in the last more than ten years.

However, the downside from here could be limited given the weakness in crude prices. No energy company in the world can sustain production with crude oil at around \$20 levels. Thus, in the second half of the year, we could see oil cruising back to some respectable levels ultimately reviving energy stocks.

Also, Imperial Oil's presence across the entire energy supply chain hedges its exposure to crude oil prices. Lower oil prices improve its margins in the downstream operations partially making up for weakness in the upstream segment.

The recent selloff in the top TSX stock Imperial Oil has peaked its dividend yield beyond 5%. Thus, if one invests \$10,000 in IMO at the start of the year, he or she will make approximately \$550 in dividends per year.

While Imperial Oil's earnings could take a dent in the next couple of quarters, the stock looks attractive at current levels. Its strong balance sheet will support weather these turbulent times. It would be

prudent for long-term investors to accumulate IMO shares gradually over the next few months.

First Quantum Minerals

Despite the recent surge, TSX stock First Quantum Minerals is still trading 60% lower against its 52-week high. The company recently clarified that it does not expect any headwinds regarding production and sales due to [the COVID-19 pandemic](#).

First Quantum Minerals is a \$5 billion Canadian mining company with copper contributing a major chunk of its total revenues. It expects a combined copper output of more than 800,000 by 2021, making it one of the biggest copper producers globally.

Being in a cyclical industry, recession fears — particularly after the virus outbreak — must be making First Quantum investors anxious. Additionally, lower copper prices could notably hurt its profitability.

However, China and the U.S. opening their economies after the virus containment could bode well for miners such as First Quantum.

Investors should note that an impending recession and falling commodity prices are not the only concerns for its investors; First Quantum's huge pile of debt could be a bigger concern amid these challenging times.

The company is highly leveraged, which indicates poor financial health and weakening profitability. It was even [considering a minority stake sale](#) in its flagship Cobre Panama copper mine to cut debt.

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1. NYSEMKT:IMO (Imperial Oil Limited)
2. TSX:FM (First Quantum Minerals Ltd.)
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