3 Stocks You Shouldn’t Waste Your $2,000/Month CERB Payment On

Description

If you’ve got extra cash on hand as a result of the Canada Emergency Response Benefit (CERB) then investing the money could be a great idea. And while there are many good stocks in which to invest, I’d avoid the three listed below:

Bombardier

Bombardier, Inc. (TSX:BBD.B) is down around 80% over the past 12 months and there’s really little reason to be optimistic about the stock’s future. The company used to have a diversified business model, but after announcing the sale of its train business back in February, Bombardier was setting its sights on aviation.

The deal is expected close during the first half of next year, after which Bombardier becomes an airline stock. And that’s not a great position to be in these days.

With little to no flying taking place, airlines have too much aircraft on their hands as it is. It’s likely to take years for the demand for air travel to recover to where it was last year.

And even then, it’s unclear how the new post-pandemic world will look like for the industry, creating significant risk for a stock like Bombardier, which was already a risky stock to begin with.

The company’s reported a loss for four straight quarters and there’s likely a lot more red to come in future quarters. If you want to keep your money safe, keep it away from Bombardier stock.

Canada Goose

Canada Goose Holdings Inc (TSX:GOOS)(NYSE:GOOS) makes quality products that are popular all over the world. But the problem is that as we’re heading into a recession, there’s just not a big market for $1,000 parkas.

Canada Goose used to be a top growth stock on the **TSX,** but its best days could be long gone, at least for the foreseeable future. And that means some changes are going to be inevitable.

On May 20, the company announced it laid off 125 workers, which is just 2.5% of its entire workforce. It's a good sign that Canada Goose is getting leaner but more cuts are likely needed as the coronavirus pandemic continues to weigh on global economies.

Shares of the company are down more than 50% in one year and the stock still trades at around 20 times its earnings. The one thing that helps make Canada Goose versatile and adaptable is that its direct-to-consumer (DTC) segment is very strong.

The Toronto-based company won't have to wait around for retailers to recover in order to grow. But it'll still need a much stronger economy, and that recovery's going to take time. In the meantime, the stock may continue to slide.

Cenovus

Cenovus Energy Inc (TSX:CVE)(NYSE:CV) is another high-risk stock that investors should avoid. In the company's most recent quarterly results released on April 29, the oil and gas company reported a sizeable $1.8 billion loss.

Revenue was down 21% from the prior-year period, while write-downs and expenses were up. And, unfortunately, there's likely more of that to come in future quarters as a low price of oil continues to weigh down the entire industry.

Although shares of Cenovus trade well below its book value, at around 0.4 times, investors shouldn't get drawn into this value trap. The stock is full of risk as the company's recent results were up to the end of March.

Next quarter will be a much bigger test for the company to see how it can weather the coronavirus pandemic. Investors are better off putting their money into safer stocks than gambling on Cenovus.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:GOOS (Canada Goose)
3. TSX:BBD.B (Bombardier)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:GOOS (Canada Goose)

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