



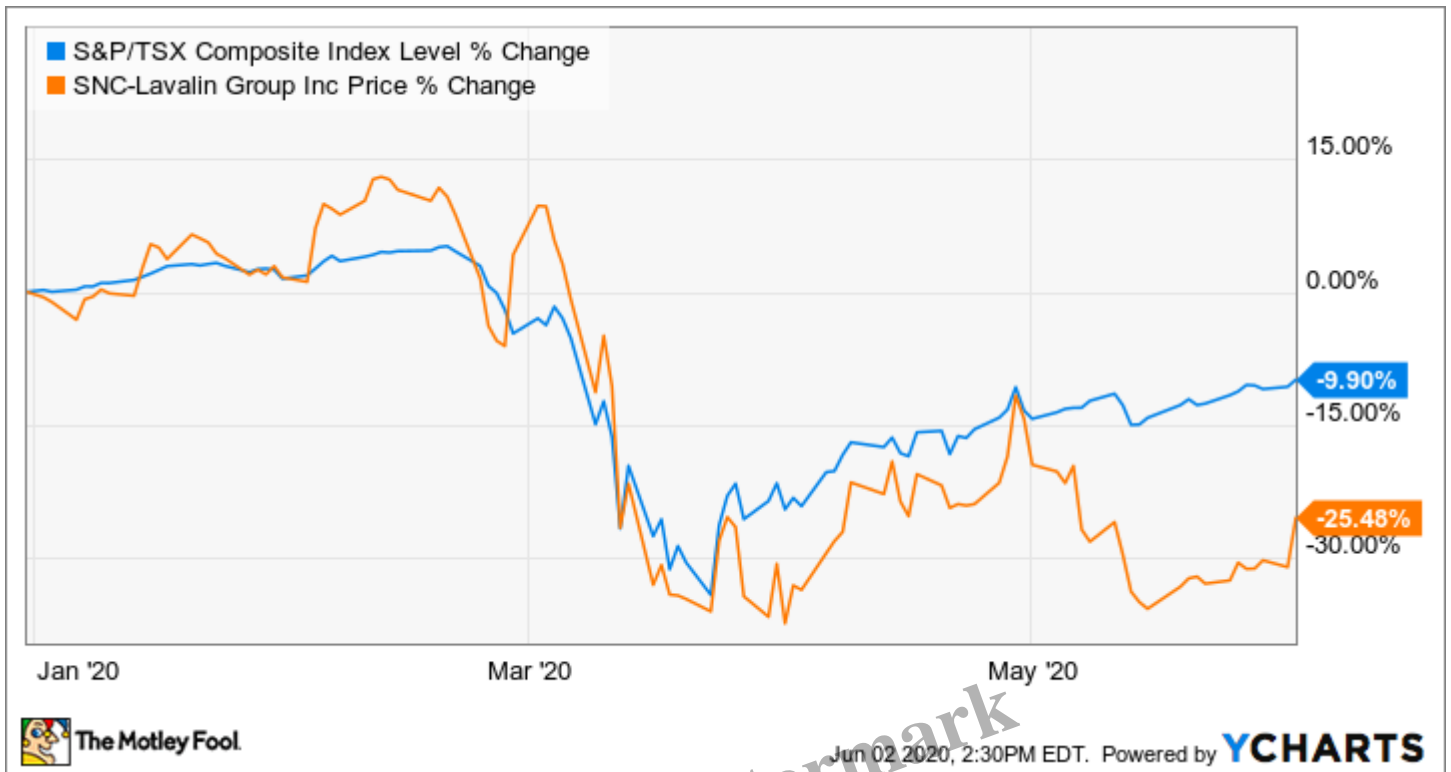
TSX Stock Market: Where to Save Your Money

Description

Many people are wondering how to take advantage of the dip in the stock market this year. Canadian investors want to buy low to profit from the upswing on the **Toronto Stock Exchange**. One stock on everyone's minds is **SNC-Lavalin Group** (TSX:SNC).

Prior to the COVID-19 market downturn, SNC-Lavalin was gradually recovering from over a year of legal tumult that sent its stock plummeting in the fall of 2018. Unfortunately, the stock fell along with the rest of the TSX in March 2020.

Today, SNC-Lavalin's stock price is 25.48% lower than where it was at the beginning of the year. By comparison, the year-to-date **S&P/TSX Composite Index** level percentage change is only 9.9% lower. The bottom line is that SNC-Lavalin's stock price fell over 2.5 times more than the index this year.



Is SNC-Lavalin stock on the rebound?

It is difficult to say whether or not SNC-Lavalin will rebound any time soon. There's risk in any stock market purchase. Fortunately, the stock does seem to have formed a new basing pattern after the recent drop in price at the start of March. A basing pattern is a technical trading term referring to a relatively flat chart design.



In other words, SNC-Lavalin's stock price seems to have stabilized in the low 20s. It will take more bad news for the firm, the stock market, or the engineering industry for the price to fall further. Hopefully, the losses are now over.

SNC-Lavalin reports huge loss in revenue

SNC-Lavalin reported a \$66 million loss in net income for the first quarter of 2020. Moreover, the Canadian firm's revenue is a whopping \$2.36 billion less than one year ago. The engineering and construction firm is clearly struggling to regain its footing, despite the end of its legal troubles.

After selling a 10% share of Highway 407 ETR in August 2019, SNC-Lavalin retained a 6.76% stake in the toll road. Unfortunately, according to the Canadian company's Q1 earnings release, COVID-19 has reduced traffic on the toll road, leading to a substantial loss in revenue.

As a result, it seems the company will need to temporarily lay off 5,200 employees, reducing its workforce to 3,500 from 8,700. Further, many employees can expect a reduction in pay during the coronavirus pandemic:

Global engineering giant SNC Lavalin unilaterally cut the pay of all Australian resources employees by 10 percent for three months, citing the downturn caused by COVID-19, in a move experts warn may breach both #employment and contract law. [from the #AFR]

— JK Stock Investing (@jk_stock) May 25, 2020

Some analysts expect the TSX industrials firm to experience future legal problems. The move to lessen

employee pay during the crisis may breach employment and contract law. We'll see what happens this year.

Should you buy SNC-Lavalin TSX stock?

Every stock market transaction carries some risk. SNC-Lavalin is a well-established Canadian company. Nevertheless, the firm also has a dubious legal history, which has caused significant harm to its stock market value.

If you are considering investing your hard-earned savings in [SNC-Lavalin stock](#), you should first ask yourself if you are willing to weather volatility with the company. Just because the engineering firm concluded its most recent legal struggle, it doesn't mean that there won't be further problems down the road.

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