What Is Happening With Bombardier Stock?

Description

There are few stocks on the TSX that are quite as divisive as **Bombardier** (TSX:BBD.B). Tuesday saw a new low for the aviation stock, and Wednesday just saw the stock continue to get pummeled. Then came the market bounce on Friday, which saw Bombardier recover off that 52-week low by 3%. But should value hunters start checking this name out, and should current shareholders think about jumping ship?

A frothy market is no place for a choppy stock

So, what is going on with this divisive aerospace stock? The last five days have been among the least commodious of the year for Canadian investors. However, Bombardier, now down 18% on average for the week, was among the worst hit. It would appear that this is no time for buying shares in ailing businesses. and when it comes to ailing businesses, Bombardier is at the head of the queue.

In fact, Bombardier is one of those stocks that many pundits and analysts concur is among the worst in the aerospace sector. And it’s not as if there aren’t decent alternatives out there to choose from. Better manufacturing names can be found in **Lockheed Martin**. Better options for investors in commercial airlines themselves exist in **Air Canada**.

Even better freight carriers than Air Canada, with its foray into time-sensitive couriering, are exemplified by **Cargojet**. And a lot more growth can be found in NASA-partnered **Maxar Technologies**. In fact, the further one goes down this rabbit hole, the better the options are.

Indeed, down by 81% in 12 months, Bombardier is one of the worst-performing big-name stocks on the TSX. Yet it attracts as much attention as just about any other blue-chip Canadian stock. Furthermore, Bombardier currently has an analyst consensus “hold” rating. However, investors should look at price levels and determine exit (or, indeed, entry) points based on their own levels of comfort and financial goals.

Sifting through the alternative stocks

The last three months have seen Bombardier ditch 24%, though, which may equal a “sell” for the lower-risk TSX investor. Additionally, the Alstom deal, which will see Bombardier sell off its rail business to the French rail giant, was cemented this week. Wednesday saw the announcement of definitive agreement between the two companies. But the price will be $467 million less than the deal was originally struck for.

Investors looking to Bombardier for long-term wealth creation may therefore want to jump ship around about now. If aviation is key to that segment of a stock portfolio, consider the alternatives named above. Looking for a stock with comeback charisma? While Bombardier could be argued to hold the potential to bounce back, a more likely candidate exists in Air Canada.

Meanwhile, another manufacturer, **Héroux-Devtek**, is down 44% year on year. This provides another alternative stock to buy cheap and hold onto for a recovery. It’s also adjacent to Bombardier’s line of business, though considerably less divisive. Selling at book price, Héroux-Devtek ticks the value box, while also bring the potential for 59% upside. Bombardier shareholders should take note of this share price growth potential.

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