



Why Canada Goose (TSX:GOOS) Stock Dived 15% Today

Description

What happened?

Canada Goose Holdings ([TSX:GOOS](#))([NYSE:GOOS](#)) stock price dived by nearly 15% today. This massive decline erased all its gains for the month and turned it negative. At the time of writing, the stock was trading at \$47.60 per share, with a 10% drop in August.

So what?

Canada Goose is a well-known Canadian company that mainly designs, manufactures, and sells a wide variety of luxury apparel globally through its subsidiaries. The Toronto-based company [released](#) its better-than-expected June quarter results on Wednesday morning. In its first quarter of fiscal 2022, GOOS's sales more than doubled from the same quarter a year ago to about \$56.3 million. While its Q1 sales figure was also 13% better than analysts' expectations, it was still significantly lower than its previous quarter revenue of \$208.8 million. This sharp sequential sales drop could be one of the reasons that triggered a selling spree in Canada Goose shares today.

Another key factor that might have hurt GOOS stock price could be a recent surge in new COVID-19 cases in many key markets, including China. A consistent rise in these cases could affect the company's sales in the near term.

Now what?

Canada Goose's posted an adjusted net loss of \$50 million in Q1 2022 after posting net profit in the previous three quarters in a row. On the positive side, its net losses for the quarter were lower than analysts' expectations. Factors like higher performance-based compensation, currency headwinds, and increased investments in marketing and strategic initiatives took a toll on Canada Goose's bottomline in the last quarter. However, the negative impact of these initiatives is a temporary factor and could also help the company grow faster in the long term.

Overall, I don't expect new pandemic cases to cause 2020-like nationwide lockdowns this time in most of its key markets as the vaccination rate is rising fast in most of the developed countries. Based on this expectation, Canada Goose's financial recovery may speed up in the coming quarters. That's why today's sharp decline in GOOS stock could be an opportunity to buy this [great Canadian stock](#) cheap for the long term.

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