



3 Canadian Stocks to Avoid Like the Plague in August

Description

Following more than a year of stellar gains, global stocks fell Monday, possibly due to fears of the rising COVID Delta variant and China's growth slowdown. After making a quick buck, investors took some money off the table. Whether or not this is the start of a correction remains to be seen. But there are undeniably some individual stocks that are not looking great this month. With that in mind, here are three stocks to avoid like the plague in August.

Barrick Gold

Barrick Gold ([TSX:GOLD](#))(NYSE:ABX) is a Canadian gold miner that had a pretty bad first quarter. For the quarter, revenue was up slightly but net income and adjusted EBITDA both declined. Gold prices have been trending down lately, which is making it harder for Barrick to grow its earnings. The decline in the price of gold was offset somewhat by [increased production](#), but it wasn't enough to grow the company's earnings in the first quarter. The company also has more debt than it has in cash, and it has significant interest expenses every quarter. If the price of gold starts rallying again, then Barrick Gold may prove to be a good play. But unless you're an expert in gold price movements, that's probably not a sound bet to make. I'll be avoiding this stock for the foreseeable future.

Air Canada

Air Canada ([TSX:AC](#)) is probably the one stock on this list most [at risk due to the Delta variant](#). As an airline, it loses money whenever countries bring in travel bans and self-isolation orders. In 2020, it lost \$4.5 billion, thanks to a collapse in revenue brought on by the COVID-19 pandemic. Its most recent quarter showed improvements, thanks largely to the North American travel recovery. But if Delta requires lockdowns and 14-day self-isolation periods for travelers, then that's all going to be turned on its head. The self-isolation orders killed demand for travel in 2020, resulting in 90% lower passenger volume for AC in the first quarter when they were implemented. If Delta requires them to be brought back, then AC's recovery is going to face a major setback.

Baytex Energy

Last but not least, we have **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE). This is an energy company that has seen better days. The stock peaked at around \$57 in 2011 and has fallen 97% since then. The company started running into financial troubles in the early 2010s, then the oil price crash of 2014/2015 exacerbated its woes. Today, it trades for just over \$2.

2021 was initially looking like an up year for Baytex. The company's stock rallied 181% this year, thanks to a major jump in the price of oil. If that trend continues, then Baytex could rally even further. But will it continue? That's hard to say. Oil prices have actually been falling lately, and Delta could easily cause problems for the oil and gas industry if it leads to lockdowns. So, while this stock has a lot of potential in a best-case scenario, it is extremely risky.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:AC (Air Canada)
4. TSX:BTE (Baytex Energy Corp.)

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