



## How These High-Flying Canadian Stocks Lost Their Sheen in 2021

### Description

Market participants follow the herd to avoid the FOMO (fear of missing out). But many times, that leads us to take irrational, self-defeating investing decisions. That's why having a concrete investment plan and a basic understanding of our risk-taking abilities help. Here are some Canadian stocks that saw exuberance early this year that soon waned.

### Lumber bubble pops

Almost all commodities zoomed early this year amid reopenings. But one that stood notably tall was lumber. Lumber futures increased six times this year. However, the bubble soon popped, and prices came down even faster since May this year. After hitting near US\$1,700 levels in May, lumber has fallen more than 70% and is currently trading at US\$465.

TSX lumber stocks were notably weak but have fared relatively better than the commodity. Diversified wood products company **Canfor** ([TSX:CFP](#)) saw tremendous growth since last year, mimicking the lumber rally. An otherwise muted CFP stock went to the moon, gaining more than 400% between March 2020 and May 2021. However, as the lumber started to fall, CFP stock also exhibited weakness and has fallen 30% in the last couple of months.

The epic course of change in lumber came in as people started moving out amid reopenings. The trend is just getting started, so the lumber supply surge coupled with declining demand could push prices further lower. However, companies like Canfor, which witnessed superior [financial growth](#) since last year, might revert to average levels in the next few quarters.

### Facedrive: Too fast, too furious!

How often have you seen a stock turning a 30-bagger in just a few months? Canadian ride-sharing stock **Facedrive** (TSXV:FD) accomplished this feat, rallying from close to \$2 to \$60 levels in just about 15 months.

But that's only half of the story. The stock was ever quicker to reverse, losing 85% in the subsequent six months. Facedrive stock is currently trading \$8.4 with huge downside potential. Notably, it has lost value in 15 of the last 20 trading sessions.

FD stock rose last year, driven by some operational developments like growth in completed rides and the customer base. However, unrelated acquisitions and slower growth at its core business changed the fortunes of Facedrive investors.

It diverted from the ride-sharing business to many other things like the marketplace, health, and food delivery last year. Notably, FD stock is [exorbitantly overvalued](#) and indicates more downside, even after such a steep fall.

## B2Gold: Shinier than the yellow metal?

Gold investors are having a terrible time this year, too. After having a record run till the mid-last year, [gold stocks](#) have dug a deep hole in investors' pockets in 2021. Canadian miner stock **B2Gold** ([TSX:BTG](#))(NYSE:BTG) is no exception and has lost more than 50% since its 52-week high last year.

A relatively subdued move from the yellow metal and dull earnings from gold miners so far this year drove the fall. However, the second half of 2021 could be comparatively better given higher gold production.

How the yellow metal trades in the second half of 2021 remains to be seen, given economic reopenings and expectations of higher inflation.

Amid these uncertainties, I think B2Gold is relatively well placed, because of its discounted valuation and high-quality, low-cost assets. That makes it more well placed to rally if the yellow metal gains steam.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSEMKT:BTG (B2Gold Corp.)
2. TSX:BTG (B2Gold Corp.)
3. TSX:CFP (Canfor Corporation)
4. TSXV:STER (Facedrive Inc.)

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