2 Canadian Stocks Trading at 52-Week Lows

Description

This past September saw a steep selloff in stocks. With Delta Variant concerns lingering and supply chain woes dominating the headlines, investors sold off stocks in large quantities. Tech stocks got hit particularly hard, with the **NASDAQ** slipping 5.5% for the month of September.

Which brings us to today. Stocks are presently recovering from their September selloff. Tech stocks in particular are recovering admirably. The **TSX** is up 3.86% for the month so far, more than erasing its September losses. Nevertheless, there remain cheap stocks in today's market. If you look at sectors like cannabis, precious metals, and manufacturers, many of them remain down for the count.

In this article, I will explore two TSX stocks that are currently trading at 52-week lows. We can start by looking at a famous Canadian food manufacturer that has really been tumbling hard.

Saputo

Saputo (TSX:SAP)(NYSE:SAP) is a Canadian food manufacturer well known for its cheese products. It recently closed at $30.99, its lowest price in 52 weeks.

Why is Saputo stock sliding?

Its first-quarter earnings release provides a number of factors adversely impacting its business in the period. One of those was supply chain obstacles. While the press release doesn't get into much detail on what those supply chain obstacles were, we can make some educated guesses. In late 2021, global supply chains have been rocked by a number of headwinds, including:

- Higher commodity prices.
- Higher shipping rates.
- Delayed shipping times.
- Blocked shipping routes (as seen in the debacle in Egypt).
- And more.

Any number of these factors could be hitting Saputo in the pocketbook. On that note, here are the company's earnings results for the first quarter:

- Revenue: $3.488 billion, up 3.21%.
- Adjusted EBITDA: $290 million, down 21%.
- Net income: $53 million, down 63%.
- Adjusted earnings: $122 million, down 32%.

Certainly, these aren't great results. As you can see, earnings declined on higher revenue, which corroborates the theory that higher shipping or commodity costs may have had something to do with this picture.

Canopy Growth

Canopy Growth (TSX:WEED)(NYSE:CGC) is a Canadian cannabis stock that traded for $16.50 as of this writing–near its lows for the year. Like most cannabis stocks, Canopy has been falling due to persistent losses. The most recent quarter featured a surprise $389 million profit, so it technically beat on earnings. But if you look at operating earnings and cash from operations, they were both negative. So Canopy is still losing cash despite the paper earnings beat.

It's hard to fault Canopy Growth for losing money. Most cannabis companies are in the same boat. While Canadian legalization sent cannabis revenues higher, it did not produce profits. Investors were optimistic for a while that U.S. federal legalization would be the catalyst these companies needed, but it never happened. C'est la vie. I'll be avoiding Canopy and other cannabis stocks for the foreseeable future.

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