



2 Plunging Canadian Stocks to Watch Right Now

Description

Negative momentum or having a Canadian stock fall into oversold territory does not indicate undervaluation. In fact, a plunging **TSX** stock may very well deserve to be punished. And in some instances, the punishment may not be enough to justify any fundamental deterioration that warrants a severe correction. Indeed, catching falling knives are attempting to pick up cigar butts with the hopes of achieving a few puffs for free is not the best investment strategy in the world. The great Warren Buffett used to be more of a cigar-butt investor back in the day with mixed success until he insisted on only buying shares of businesses he deemed as wonderful.

Remember, a “cheap” or oversold stock doesn’t imply undervaluation, although it can. On the flip side, “expensive” or overbought stocks may also not imply [overvaluation](#) or a correction. Indeed, winners can keep on winning for a very long time. And losers can keep on losing.

In this piece, we’ll have a look at two Canadian stocks that are plunging. They’re worth adding to your watchlist right now. We’ll look into each name and determine whether or not each firm is worth [catching](#) on the way down. Without further ado, consider shares of **Badger Infrastructure Solutions** ([TSX:BDGI](#)) and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)).

Badger Infrastructure Solutions

Badger went back into free-fall again on Monday, tanking 4.4% on a day, adding to the hydrovac excavator’s decline off those early 2021 highs. The stock sits down over 26% from its highs due to a perfect storm of issues. Undoubtedly, margins haven’t been moving in the right direction, and COVID pressures aren’t solely to blame for Badger’s epic decline. Still, the tides could turn, and with infrastructure stocks likely to pick up traction into 2022 on new spending plans, I think Badger is an intriguing value play that could turn the ship around in a hurry.

Non-destructive excavation isn’t “sexy,” but it’s necessary—and even more so when the economy is booming. While the economy could slow its pace next year, there’s no telling how long this new bull market will run. It could extend for years, and that could mean a lot of time for Badger to turn things

around. Macro tailwinds are too strong, and once management can right its wrongs, the magnitude of upside could be enormous.

Restaurant Brands International

Restaurant Brands International can't seem to turn things around, with another brutal quarter of COVID issues weighing on the stock. Things went from bad to worse. But there is room for optimism as COVID becomes more manageable. Maybe it'll go endemic in 2022? In any case, the perfect storm of negativity is already more than baked in the stock here.

The valuation, I believe, severely discounts the power of the firm's brands, which could surprise investors as they demonstrate their resilience on the other side of this pandemic. Burger King and Tim Hortons may have lost a bit of lustre recently. But they're still incredible brands with profound turnaround potential. The former brand can easily regain a spot with consumers again as it reconsiders its marketing-heavy business, with a focus on quality and improving the customer experience.

Indeed, Burger King is a brand we all know and love. Marketing hasn't exactly given the chain a great bang for its buck. As the company invests in modernizing its stores and improving upon the freshness factor, Burger King could easily regain the crown it lost to Wendy's in an ongoing burger battle.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:QSR (Restaurant Brands International Inc.)

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