



Why Cargojet Stock Fell Last Week

Description

Cargojet ([TSX:CJT](#)) shares dropped last week, with Cargojet stock falling around 10% at the end of the week. So, what went on with this cargo shipping [airline](#) that caused the huge plunge?

What happened?

There was no news coming out of Cargojet stock last week to cause the sudden drop, so likely the plunge mainly came from further rate-hike news. While Cargojet is a Canadian company, it relies on consumerism to run. That consumerism continues to wane over the past few months, as interest rates climb higher.

Even though the airline will continue to be a necessary part of the shipment process, short-term investors haven't had much success. The United States Federal Reserve looks like it will continue rate hikes, and rate hikes mean more penny pinching. As Cargojet stock saw a boost from e-commerce growth, that means there could be continued downward performance for the once-great stock.

So what?

There are two "so what's" to consider here. First off, there is the short term. Canadians are likely to continue seeing companies related to e-commerce drop in the near term. Consumers simply are spending less because they cannot afford the luxuries they did during the pandemic. As gas prices, inflation, and interest rates rise, it's less likely they're going to spend money on items they can't afford.

That means fewer items being shipped — hence, the problem for Cargojet stock.

The other "so what" is for long-term investors. While now is not the best time for investors, it could be if you're looking to buy more of the stake. E-commerce spending will return in force, as the world adjusts to these new inflation and interest rate increases. Shares will likely rebound and then some, perhaps to all-time highs in the \$200 range.

Now what?

Cargojet stock looks to be a great deal after the recent drop, especially as the plunge doesn't seem related to anything the carrier did to warrant such a fall. In fact, even among all this pressure, the company continues to come out on top when it comes to earnings.

During its latest performance, Cargojet stock reported a 43% increase in total revenue compared to the year before. Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) also increased up to \$81.1 million. Net income was a huge improvement, up to \$160.9 million from a loss of \$11.1 million in 2021.

What's great for today's investor is that Cargojet stock is expanding. Both in terms of destinations, but also partnerships. These partnerships include global names that give the company years of revenue to look forward to. Frankly, today's share price is laughable at \$123.

Bottom line

Cargojet stock trades at 11.29 [times earnings](#), offering a \$0.90% dividend yield. Analysts believe the stock should increase by 68% to reach its potential target price in the next year. So, while shares are still down by 25% year to date, it could be an excellent time to consider the stock — especially as its revenue continues to climb even higher.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Investing

Date

2025/08/26

Date Created

2022/09/19

Author

alegatewolfe

default watermark

default watermark