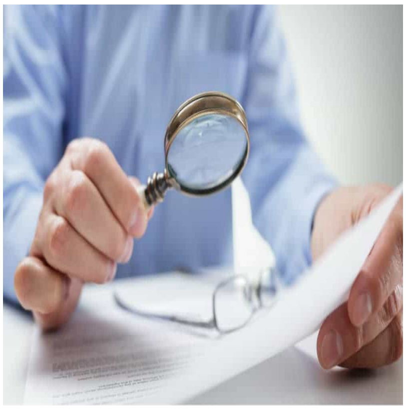

All the Stocks I'm Selling in This Wild Market

Description

Inflation and rising interest rates have had a devastating impact on stock markets this year. As of this writing, the **S&P/TSX Composite Index** is down by 14.56% from its 52-week high and by 10.63% year to date.

The latest interest rate hike by the U.S. Federal Reserve marked the fifth time the central bank has increased key interest rates. It was also the third consecutive 75-basis-point hike. These conditions have also led to growing uncertainty in the Canadian stock market, reflected by the decline of its benchmark index.

With no signs of things improving drastically soon, risk-averse investors might want to consider realigning their investment portfolios. Macroeconomic factors might paint an increasingly uncertain picture in the coming weeks, making stock markets more volatile as we approach the end of the year.

Here are two TSX stocks that I would sell at least for the next few quarters to cut my losses, because they can underperform in uncertain markets, and one stock I would consider buying.

Restaurant Brands International

The pandemic impacted every industry worldwide, but none more than the hospitality sector. **Restaurant Brands International** (TSX:QSR), as big a name as it is, was not spared from the pandemic-fueled economic issues.

Despite the world moving into a post-pandemic era, Restaurant Brands stock has not made meaningful strides toward improvement. Despite its unique value proposition in an inflation-struck economy, it continues to underperform.

As of this writing, the stock trades for $73.64 per share, down by 8.22% from its 52-week high. It might seem like an undervalued stock due to its discounted valuation. However, the company might have more challenges up ahead due to its massive debt. In 2016, QSR stock had a total of US$8.8 billion in debt. As of the second quarter of fiscal 2022, its debt has increased to US$14.5 billion.

The massive debt load indicates that its interest expenses are weighing heavily on its overall income, making it a risky asset to own during the rising interest rate environment.

BlackBerry

Investing in technology stocks seems to be unnecessarily risky during volatile market environments. However, there are certain segments in the tech sector that have high-growth potential. **BlackBerry** (TSX:BB) has substantial operations related to the internet of things and cybersecurity. Far from the smartphone giant it used to be, BlackBerry has chosen a different direction in the last few years.

Despite operating in high-growth segments, BB stock has not seen improvements in its financial performance for a while. As of this writing, it trades for $6.64 per share, down by almost 60% from its 52-week high.

Growth stocks tend to decline during rising interest rate environments. The combination of weak financials and interest rate hikes has made it a stock that would be better avoided than held onto, especially as markets remain volatile.

Foolish takeaway

Rising interest rates might make markets increasingly volatile in the coming months. If you are worried about the short- to medium-term impact of market volatility on your investment returns, it might be better to offload the stock of companies most at risk.

Restaurant Brand International stock and BlackBerry stock are two such investments I would avoid having in my portfolio right now. But there's one stock I would consider buying.

If you think the tech sector is due for a bounce back, **Constellation Software** is a tech stock to consider buying. The company owns a growing portfolio of niche enterprise software providers and has been a mainstay in Canadian tech.

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1. Dividend Stocks
2. Investing

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1. NYSE:BB (BlackBerry)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:BB (BlackBerry)
4. TSX:QSR (Restaurant Brands International Inc.)

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Date
2025/08/14
Date Created
2022/10/13
Author
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