5 Canadian Large Caps Trading Close to Their 52-Week Lows

Description

I'm not sure about you, but I'm finding solid investment ideas a tough thing to come by these days. When this happens, one source of potential ideas that I turn to is the 52-week low list. A quick screen of the Canadian market turned up the following 5 companies – all trading within 5% of this somewhat dubious level.

Fortis (TSX:FTS) – Though the stock is currently trading 0.9% from its 52-week low, it's also just 13% from its 52-week high. After climbing nicely from its financial crisis lows, Fortis' stock has essentially stalled out. Given its portfolio of regulated power assets, the company is about as solid as the come. But to expect material capital appreciation from this name you need to buy it when it's mispriced. Although the yield at 4% looks good, now is probably not that time.

Potash (TSX:POT) – Given the attention this name has received over the past month, Potash doesn't need much of an introduction. Its shares have of course dropped precipitously since one of its Russian counterparts drew a big question mark all over the supply-side dynamics of its industry. Not helping the matter was yesterday's downgrade out of HSBC which sent the shares about 1.5% lower. In one fell swoop, HSBC went from an "overweight" (overweight what?) to an "underweight" in the name. Where was that advice a month ago?

Rogers (TSX:RCI.B) and **BCE** (TSX:BCE) – Both shares have been impacted by the same things so we can kill 2 birds with one stone here. First, it was interest rates. Both stocks offer an attractive yield. However, if interest rates are set to climb, as they have been, then these yields must go higher to offer the same appeal. This means either the dividend has to go up, or the share price has to come down. Let's just say, dividends haven't been going up. And if rising rates weren't enough, the whole **Verizon-coming-to-Canada saga** began. Wireless has been one of the primary growth drivers for these companies, and significant competition from an outsider in this space is not something they welcome. In case there is any doubt about how vehemently these companies don't want Verizon here, check out the ad spread in today's Globe.

Cenovus (TSX:CVE) – With today's move higher, Cenovus is now in fact 6% above its 52-week low. Cenovus' stock suffered a set-back after quarterly results were released at the end of July and it hasn't really recovered. The company remains a low-cost producer in the oil sands with vast, long-life assets underpinning it. Nothing about the recent quarter has impacted these qualities.

The Foolish Bottom Line

Buying stocks that the market is currently shunning is often times hard to do. Generally, there's a reason why stocks get put in the penalty box. Of those listed above, in my mind, the most deserving of penalty box status are Rogers and BCE. Rising rates are not an issue that is going to go away, and should Verizon truly commit to its Canadian pursuit, more pain for both could be on the horizon.

For a look at 3 stocks that have nothing but clear sailing over the horizon because of the strength of their underlying business models, **check out** our special **FREE** report "**3 U.S. Stocks That Every Canadian Should Own**". Simply **click here now** to download this report at no charge.

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Fool contributor Iain Butler owns shares in Potash and Cenovus Energy. The Motley Fool doesn't own shares in any of the companies mentioned.

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2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:FTS (Fortis Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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