3 Stocks Trading at 52-Week Lows — Is This the Bottom?

Description

Are you struggling to find cheap stocks after a six-year bull run? Maybe you should try combing through the market's discount bin.

Stocks trading at their 52-week lows can be a great source of investment ideas. No doubt, many of these companies face some challenges. However, if you go through this list carefully, you can find names that have been unfairly marked down.

Of course, not every stock on the 52-week-low list is a deal. You usually get what you pay for. However, if you don't mind shopping through the bargain rack, sometimes you can find an outright steal. Here's a look at three fallen angels that could be worth buying.

1. Enerplus Corp

It's no surprise to see an energy stock on this list. As you can probably guess, falling oil prices have crushed energy patch profits. Even high quality businesses like **Enerplus Corp** (TSX: ERF)(NYSE: ERF) have not been spared.

The good news for shareholders: There's a lot of potential here, even with oil prices at five-year lows. To begin with, Enerplus has hedged most of its production out at much higher prices. The company is sitting on some of the most profitable assets in the North Dakota Williston Basin. And with a dividend yield approaching 10%, this value stock could have some real room to run.

None of this is to suggest that the bull thesis is perfect. If oil prices fall further, then Enerplus shares will continue to suffer. But for investors who can stomach a lot of volatility, the risk/reward ratio here is tempting.

2. Manitoba Telecom Services Inc

Manitoba Telecom Services Inc (TSX: MBT) is looked down upon because of its meager earnings growth. Everyone knows the company's landline business is stagnant at best. However, this firm still churns out one of the highest, safest dividends you can find today.

Then again, no one should think a stock yielding nearly 7% will produce much growth. But as long as you understand that you're paying for the dividend and not much else, then this company is still an excellent income play. Those who sit around patiently and reinvest their dividends will beat the pants off most other investors over the long haul.

3. Cameco Corporation

As regular Motley Fool Canada readers know, it's hard times in the nuclear power business. Many countries scaled down or scrapped their atomic power programs following Japan's Fukushima Daiichi disaster in 2011. The sudden drop in demand has hit uranium miners like **Cameco Corporation** (TSX: CCO)(NYSE: CCJ) hard.

However, the outlook is beginning to improve. Japan is restarting many of its idle reactors. Because prices are so low, miners are scaling back operations. Eventually, the laws of economics dictate that prices will rise to meet the industry's average cost of production — that's more than 100% over today's levels.

If this thesis plays out, then Cameco shares could rally. Because of the leverage in its business, the company's profits could rise much faster than the underlying commodity. However, as the largest uranium miner in the world, Cameco has the size and scale to wait out the industry's current doldrums.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:ERF (Enerplus Corporation)
3. TSX:CCO (Cameco Corporation)
4. TSX:ERF (Enerplus)

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