



3 Stocks Near 52-Week Lows: Time to Buy?

Description

Companies that have reached 52-week lows could present opportunities to buy low and sell higher later. The key question to answer is why the company is at a 52-week low.

If it is because of a crisis in the company or poor financials, then the low could very well be justified. That doesn't make it a poor investment, however, as the company could still recover.

If a company has recently reached such a low, it could also be a sign the stock has been oversold, especially if it has seen a steep decline in share price. The danger with lows is that a new one could be right around the corner, and the stock could find its way into quicksand.

The companies here have all recently come off 52-week lows and could present good opportunities to get in at a low price.

Superior Plus Corp. ([TSX:SPB](#)) operates in the energy distribution segment and is known best for its propane brand. The company also operates a specialty chemicals segment, which offers it some diversification.

The stock has seen five-year growth of almost 60%; however, in the past 12 months, it has declined 3% and, year to date, is down over 13%. The decline in the stock price, interestingly enough, started to occur after the company posted strong Q1 earnings in early May.

Stocks that have gone down for no discernible reason could suggest that other factors beyond the company's control are dragging it down. Stocks that have seen that happen are more likely to rebound than ones that see share prices decline as a result of poor earnings or negative press that is the result of the company's own doing.

However, the company still has to present a good value or show good growth prospects in order for that to happen.

Superior Plus currently trades about 1.7 times its book value and under seven times its earnings. Those are good low multiples that any value investor would like to see.

In addition, the company has seen its dividend grow to 6.5% because of the drop in stock price. At the current price, there is a lot to like about Superior Plus.

Detour Gold Corporation (TSX:DGC) is a gold producer with its main operations in Ontario. Over the past 12 months, Detour's stock price has dropped by over 55%, while it has decreased year to date by over 23%. The stock recently came off its 52-week low of \$13.71 and has shown a little improvement since then.

Poor financial results have likely dragged down share price with two of its past four quarters being in the red. The most recent quarter showed a profit, but it dropped year over year despite nearly flat revenues.

Detour will need to have a much better Q2 result to give its stock price some support. However, the sharpness of the decline might indicate the stock has been oversold.

Lucara Diamond Corp. ([TSX:LUC](#)) has had incredible growth in its stock since its inception fewer than five years ago, increasing over 380%. However, the past year has seen a decline of over 27%, and it recently hit a low of \$2.62.

The company mines diamonds in Africa, and one of the challenges it has seen in recent quarters has been the fluctuation in its sales volumes. After hitting \$141 million in sales in Q2, the next three quarters combined for only \$130 million.

Lucara's stock currently trades 20 times its earnings and over four times its book value. At these multiples, and with the struggles, the company has had to find consistency in sales and earnings, this stock needs some better quarters under its belt before it proves to be a good buy.

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