



Are These 3 Stocks About to Take Off?

Description

Investing in stocks that are falling in price can be dangerous, because it can be very hard to tell when the bottom has been reached. One way to get around this is to wait for a recovery in the price to make sure that the stock has at least found some support. I have compiled a list of three stocks below that have seen large declines this year, but in the past month they have seen rallies that could suggest that the worst is over.

ProMetic Life Sciences Inc. (TSX:PLI) has seen its share price decline 26% in 2017, but in the past month it has risen 13%; it could be on its way back up. The share price saw a couple large declines this year. The first happened in June when the company announced a bought deal, where it would issue additional shares at an average price of \$1.70; at the time, the share price was trading at \$2. The stock would go on close at \$1.65 a day after the announcement. The next big drop would happen when the company announced its second-quarter results and a joint venture with a Chinese company to make its products available in the Chinese markets through a licensing agreement.

Towards the end of August, ProMetic received a Rare Pediatric Disease Designation from the Food and Drug Administration in the U.S. for its Ryplazima drug, which treats congenital plasminogen deficiency. That news sent the stock up 25% in one day and would ultimately lead it back up another 9%. The share price is still nowhere near its 52-week high of \$3.24, but if the company can continue to get good news, the stock will continue its ascent.

Enovus Energy Inc. (TSX:CVE)(NYSE:CVE) has, like many in the oil and gas industry, fallen victim to low oil prices that earlier in the year contributed to the stock hitting all-time lows of under \$9 per share. Although year to date, the stock has lost 40% of its value, in the past month, it has risen 9% and as much as 31% since July. It's no coincidence that the price of oil has also increased during this time, after seeing declines in the first half of the year.

Ultimately, whether Cenovus is a good buy depends largely on what direction you expect the price of oil to go. In the short term, there looks to be enough momentum to carry the price up a little longer, but with a significant movement to try and reduce our dependence on oil, in the long term it seems less likely that a high price of oil will be sustainable.

Nevsun Resources (TSX:NSU) has dropped 28% of its share price this year, but in the past month the stock has grown nearly 15%. The company saw a big decline in February, when it released its quarterly results and announced it would be cutting its dividend by 75% in hopes of solidifying its balance sheet. The share price would go on to lose more than 13% of its value in the days after the announcement. A poor Q2 in August led to another decline, where the stock would lose 21% of its value.

Although no serious developments were behind the company's recent increase in price, it is likely that the price, being near 52-week lows, attracted the interest of value investors. With earnings coming out later this month, a good result could see the stock continue its climb in price.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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2. TSX:CVE (Cenovus Energy Inc.)

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Date

2025/08/29

Date Created

2017/10/17

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