4 Stocks That Could Bounce Back in 2018

Description

The past year has seen many stocks struggle, and it has been difficult to find good returns in Canada. Even the TSX has grown just 5%, and that is largely the result of its performance in the past few months. For much of this year, it's looked as though the market would finish 2017 below where it started, and it even briefly dipped below 15,000.

I'm going to look at four stocks that have had poor year-to-date performances and that should provide investors with better returns in 2018.

Cenovus Energy Inc. (TSX:CVE)(NYSE:CVE) has had a rough year that has been negatively impacted by a declining price of oil and a lot of negative press after the company announced that it was effectively doubling down its exposure with the purchase of assets from **ConocoPhillips**.

Cenovus was able to regain some trust from investors after following through on the sale of some key assets to bring down its debt. However, that was before the share price hit a new all-time low. Year to date, the stock has declined 40%, and that would be even worse if not for the 23% incline that the share price has gone on in the past three months.

With OPEC agreeing to extend supply cuts until the end of 2018, we could see the price of oil continue to rise, and that will result in stronger financials for companies like Cenovus. Rising oil prices have already been a catalyst in helping the company's share price gain some momentum recently.

Simply staying out of the headlines in 2018 should be enough to help the stock continue its recovery.

Home Capital Group Inc. (TSX:HCG) is another stock that has had a year filled with bad news and controversy. The non-bank lender has put in an even worse performance in 2017 with its share price dropping more than 45% year to date. The stock has also been on a bit of a recovery lately with the share price rising more than 17% in just the past month.

Next year won't be without challenges though, as tighter mortgage rules will make it harder for Home Capital and other lenders to grow their top lines. However, if the company can avoid controversy next year and it is able to build on its recent positive results, then 2018 should be a much stronger year for the stock.

Tahoe Resources Inc. (TSX:THO)(NYSE:TAHO) lost more than half of its value in 2017 with its share price dropping nearly 60% year to date. The company got a big blow when the mining licence at its Escobal mine was suspended earlier this year. Although the licence has been reinstated, investors have been hesitant to buy the stock since.

Eldorado Gold Corp. (TSX:ELD)(NYSE:EGO) is another mining stock that has been on a steep decline in 2017. Year to date, Eldorado's share price has dropped more than 65% and hasn't been this low in 15 years. When the company announced a reduction in its guidance earlier this year, that led to a massive sell-off that the stock has yet to recover from.

With low expectations for next year, Eldorado could be a great value buy with a lot of potential upside.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:EGO (Eldorado Gold Corporation)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:ELD (Eldorado Gold Corporation)
5. TSX:HCG (Home Capital Group)

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