3 Quality Stocks That Have Fallen +5% Over the Last Month

Description

The TSX is tanking, and if you've decided that you're going to do some buying while others are fearful, here are three beaten-up gems to keep an eye on. But be warned: there's no bell that goes off when the markets hit a bottom, so keep that in mind and ensure that you spread your buying activity, so you're not the one left holding the bag should markets continue to fall further into the abyss. With no evidence of a recession, the recent sell-off appears to be a terrific buying opportunity for investors who are patient enough to ride out the storm, as the general public's fears grow due to rising U.S. interest rates and inflation.

The TSX is in falling-knife territory right now, so be greedy, but spread your greed across the next few trading sessions, as market volatility continues to rear its ugly head. I suspect Canadian stocks won't be hit nearly as hard as their U.S. counterparts, because they've already underperformed over the past few years.

Without further ado, here are three Canadian stocks you may wish to add as the markets head deeper into the red:

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN)

Algonquin is down over 10% from all-time highs and with the recent fall below the $13 level of support, it looks like a huge entry point could be in the cards for income investors seeking a high-yield dividend-growth stock at a reasonable price.

The stock has a 26.39 trailing price-to-earnings multiple and a 11.1 price-to-cash flow multiple, both of which are lower than the company's five-year historical average multiples of 32.8 and 11.9, respectively. The 4.55% yield is also slightly higher than it normally is at 4.4%.

Air Canada (TSX:AC)(TSX:AC.B)

The airlines have been suffering due to rising oil prices, and as ultra-low-cost carriers make a splash in the Canadian scene, Air Canada may lose ground, as heavily indebted Canadians opt for a more budget-friendly means of travel. In addition, Air Canada is slated to spend more on longer-term cost-saving initiatives, and that's not good news for short-term thinkers.

Although there's plenty to be gloomy about, the airline cyclical upswing is far from over, so value hunters should take notice.

The stock is down ~17% from its 52-week high and trades at a mere 3.4 trailing price-to-earnings multiple, so deep-value investors should keep this stock on their radars as market volatility exacerbates the bleeding.

Alimentation Couche-Tard Inc. (TSX:ATD.B)

Couche-Tard is an earnings-growth king that's plunged ~8% over the last two weeks. The company is slated to realize major synergies through its recent CST Brands and Holiday acquisitions over the next few years. This earnings-growth king is expecting to clock in ~20% EPS growth over the next few years, not including any additional acquisitions that may happen in 2018.

I don't know about you, but 20.7 times trailing earnings is an absolute bargain for a stock that's poised to grow earnings through the roof over the medium term.

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Date
2025/08/27
Date Created
2018/02/06
Author
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