2 Undervalued Stocks in an Overvalued Market

Description

Today's market is facing many roadblocks.

Trade wars, geopolitical risk, rising interest rates, and the fact that the market is trading near all-time highs with stretched valuations has put the market at risk.

So, it is a breath of fresh air when we come upon stocks that are attractively valued, with good upside potential and low downside risk.

OceanaGold Corporation (TSX:OCG)

$2.2 billion OceanaGold has sure had a busy year. With the ramping up of production from its Haille mine, production and cash flow growth have been on a tear.

In 2017, the company reported a 38% increase in gold production and an 8.6% reduction in all-in sustaining costs. With a healthy balance sheet, minimal debt, and a cash balance of $73 million, the company is well positioned to benefit from rising gold prices.

And, as luck would have it, as the U.S. dollar continues to weaken, the price of gold continues to strengthen. So, gold continues to make a comeback.

Recall that in late 2011, gold prices peaked at close to $1,900 per ounce, then retreated steadily to levels of just over $1,000 per ounce at the end of 2015. Here we stand with gold trading at just over $1,300 per ounce, as the U.S. dollar falls, and we witness the playing out of the well-known inverse relationship between the two.

There are certainly many questions that remain with respect to where gold is going from here, but one thing is sure: the industry has suffered through a period of record production and declining demand, and in response it has worked hard to reduce costs and improve balance sheets, and this leaves the industry well positioned to reap the rewards of rising gold prices.

Enerplus Corporation (TSX:ERF)(NYSE:ERF)

Enerplus has been a beacon of strength in the oil and gas sector. A top-notch balance sheet, operating performance, and cash flow growth profile set it apart from its peers. Add to this the fact that it is trading at very attractive multiples, and we have a very interesting buy case for the stock.

With slightly less than half of its production coming from conventional crude oil, this $3.4 billion oil and gas giant is benefiting from the sharp rise in crude and natural gas prices.

In the latest quarter, the fourth quarter of 2017, the company reported a 55% increase in cash flows, driven by increasing crude oil and natural gas prices, and a 6% reduction in operating costs.

Going forward, the company will focus on the high-growth Marcellus and North Dakota areas to spur year-over-year production growth of 10% and liquids growth of 20%.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. TSX:ERF (Enerplus)
3. TSX:OGC (OceanaGold Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

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

Date
2025/08/25
Date Created
2018/03/06
Author
karenjennifer