Two Stocks I'd Buy Right Now

Description

When a stock goes into oversold territory, it is never a guarantee of when or even if a share price will recover. In some cases, market pessimism keeps share prices low for a long period. However, for stocks that have strong fundamentals that aren't likely to stay down for long, it could be a great opportunity to secure a low price.

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To classify a stock as oversold, I look at its Relative Strength Index (RSI), which measures its average gains and losses over typically the past 14 trading days. When the RSI falls below 30, it's an indication that the stock is oversold, whereas a value over 70 indicates the opposite.

Below are two stocks that have gone into oversold territory and overdue for a recovery — and are therefore downright bargains today.

Enbridge Inc. (TSX:ENB)(NYSE:ENB) has declined 17% in the past three months and the stock has been hovering around an RSI of 30 since late January. The sell-off has been so significant that the stock even hit an RSI of just 14 in early February, thereby suggesting that it has been heavily oversold. However, the share price has gone down 5% in the past month alone.

If we look at Enbridge's fundamentals, the company appears to be a solid buy. With profits in the last five quarters and sales up nearly 40% last quarter, the oil and gas stock has produced some solid results despite very challenging times in the industry.

What's likely weighing Enbridge down are investor concerns about the industry and its ability to grow, especially with pipelines being cancelled and a lot of uncertainty over future capital investments.

At a price-to-book multiple of 1.2 and a dividend now yielding over 6.5%, Enbridge could be a steal at this price.

Corus Entertainment Inc. (TSX:CJR.B) has recently hit a new all-time low; it's barely holding above $7. Like Enbridge, industry-related concerns have thrown investors into a panic as the company's recent results have renewed fears that consumers are moving away from conventional cable subscriptions.

What these investors are missing is the untapped potential that Corus still has over the long term. The company owns a lot of the premiere content in Canada, and it has yet to look at seriously offering an online-only package that doesn't require a cable subscription, similar to what **Dish Network Corp.** has done with its Sling TV package.

The company's most recent quarter wasn't even particularly awful, with sales down 2% and the company's net income up year-over-year. This looks to be a classic case of investor overreaction for a stock that still has some very strong fundamentals.

Since its earnings release back in January, Corus has also been in and around oversold territory pretty consistently, and its RSI currently sits at under 27. With the share price barely being 60% of its book value, this is a great deal for a stock that isn't dependent on commodities and that doesn't have any long-term issues weighing it down.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:ENB (Enbridge Inc.)

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