



## 3 Stocks That Look Ripe for a Major Bounce-Back in Late 2018

### Description

You don't need to speculate and take unnecessary risks to position your portfolio for market-beating total returns over the long haul. If you're a patient investor who can honestly stick it out when times get tough, profound upside can be realized when it comes to capital gains, and let's not forget about the above-average yield that you'll be locking in for the long haul (assuming no dividend cuts happen).

When it comes to bounce-back stocks, you'll need to be a adopt a contrarian mindset, which goes against default human psychology. It's natural to be fearful and follow the herd when things get difficult. There's a real possibility that negative momentum can pick up, after all.

If your long-term thesis is still intact and you've had the opportunity to consider the implications of a worst-case scenario, it often pays to go against the grain, even though you may look silly doing so over the near term. In the grander scheme of things, however, assuming a sound thesis, you'll end up looking like a genius, just like the brilliant Warren Buffett who's one of the best contrarian investors of our time.

Without further ado, here are three cheap stocks with a relative margin of safety that could be due for a bounce as we head into the latter part of 2018:

#### **Air Canada** ([TSX:AC](#))(TSX:AC.B)

Having a look at the long-term chart, Air Canada's ~15% peak-to-trough decline is dwarfed. Moving forward, I think this dip will stand to be dwarfed even further as I think a bounce back is likely in the cards for the remainder of 2018, and I'll tell you why.

The cyclical upswing is far from over, and while last year had a considerable amount of cost-cutting expenditures, Air Canada is ready to fly higher, as it returns to growth mode with its low-cost carrier, Rogue, which will be ready to take the skies and fight off competitors for budget-conscious flyers this summer.

Moreover, there's no evidence of a slowdown in economic growth and consumer spending over the next year. As such, Air Canada has substantial upside, especially when you consider shares trade at a

ridiculous 3.5 times trailing earnings.

### **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#))

Rogers recently clocked in remarkable growth numbers for the first quarter. Shares have since bounced back from their lows; however, I think there's still ample upside, as the quarter, I believe, warrants a sustained rally to much higher levels.

New CEO Joe Natale is leaving a lasting impact, and as the entire industry gets shaken up over the next few years, Rogers is focused on growth first and foremost, which, I believe, will leave the company's subscriber base [least exposed](#) to poachers versus its peers in the Big Three.

The dividend yield is below average at 3.15%, but given the strong management team, a focus on wireless growth, incredibly attractive promos, and a focus on improving customer satisfaction, I think the stock could easily return to 52-week highs over the next year or so.

### **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#))

Shaw's wireless business, Freedom Mobile, is a disruptor that should not be taken lightly. The Big Three have acknowledged its entrance with matching limited-time data plans of their own; however, I think the cartel-like nature of the Big Three will inevitably be broken up over the next few years, as Freedom Mobile becomes a higher-quality low-cost provider. Given the company's [remarkable momentum in wireless subscriber growth](#), it seems like it'll just be a matter of time before the general public will need to refer to Canada's wireless players as the "Big Four."

Management's ambitious plan is to have an equal share of the Canadian wireless market. Judging from the stock price on this commentary, it's clear that the general public didn't share the same optimism; however, as the impressive growth numbers keep coming in quarter after quarter, I think it'll be just a matter of time before investors flock into Shaw's wireless growth story, driving shares substantially higher over the short, medium and long term.

Stay hungry. Stay Foolish.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:AC (Air Canada)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:SJR.B (Shaw Communications)

### **PARTNER-FEEDS**

1. Msn
2. Newscred

3. Sharewise
4. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing

**Date**

2025/08/26

**Date Created**

2018/04/28

**Author**

joefrenette

default watermark

default watermark