3 Oversold Stocks I'd Buy Right Now

Description

Whether you buy a stock near its high or its low could have a significant impact on your overall returns. When it comes to market news, you'll often see bad news or a poor quarter send a stock price down, which ultimately leads to more selling as other investors panic or stop-losses are triggered along the way down. One way to help you assess the size of a sell-off is by using technical analysis.

The **Relative Strength Index** (RSI) is an indicator of just how strong the stock's gains have been relative to its losses (usually) over the past 14 trading days. A value of under 30 indicates that losses have significantly outweighed the gains and that the stock could be due for a reversal. The lower the number gets, the more oversold a stock is, and vice versa.

Below I've outlined three stocks that are around an RSI of 30 and that could be great buys today.

Hydro One Ltd. (TSX:H) has declined around 15% year-to-date and the company recently released its quarterly results, which didn't encourage investors, sending the stock declining even further. The share has been in oversold territory for a significant portion of the month and its RSI currently sits at around 25, which is up from earlier in the month, when it was under 20.

Hydro One has many opportunities for growth. Last year it purchased **Avista Corp.** (NYSE: AVA), which will give it access to valuable U.S. markets. The Ontario government is a big shareholder of Hydro One, and while that might mean long-term stability, it also means that the company could be used as a political tool, especially with elections looming.

Canadian Utilities Limited (TSX:CU) has been on a similar decline this year, losing around 15% of its value since the start of 2018. The stock is also well into oversold territory, and its RSI level sits at around 26 as the stock price hovers around its 52-week low. The one benefit for dividend investors is that the drop in price has pushed its already great yield up to over 5%.

While Canadian Utilities did post a strong earnings recently, with its sales rising nearly 40% year-over-year, its net income was down more than 20%. However, over the past five quarters, the company has averaged a very solid 12% profit margin.

Rogers Sugar Inc. (TSX:RSI) was doing well this year until its second-quarter results came out at the start of the month, which saw the share price go over a cliff. The results were a bit disappointing, as demand was weak and the company expects industrial and consumer markets to be down compared to 2017.

With an RSI of 33, the stock isn't far from oversold territory and is only slightly above its 52-week low. There could still be more of a recovery for the stock, as it is a good buy that pays a solid dividend of over 6.7% per year.

While minimizing the amount of sugar consumed is a goal shared by many consumers, it still has a big place in many people's daily lives and it's not likely to disappear from store shelves anytime soon.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AVA (Avista Corporation)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:H (Hydro One Limited)
4. TSX:RSI (Rogers Sugar Inc.)

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