



2 Oversold Stocks That Could Be Great Buys Today

Description

Many stocks today are valued at obscene levels and are trading at more than a hundred times their earnings, and, in some cases, share prices are soaring in [industries](#) where profits are scarce. For investors looking to invest at reasonable prices, it can be hard to find good buying opportunities.

One way that you can try and find a good buy is by using technical analysis to find a stock that has been heavily sold and that could be due for a recovery. The Relative Strength Index (RSI) is one indicator I always go back to due to its simplicity and because it can quickly highlight stocks that have been oversold or overbought.

The RSI looks at a stock's gains and losses over the past 14 trading days; when the value dips below 30, it indicates that the stock has been oversold and could be due for a reversal. A value of 70 or over indicates there's been a lot of buying and that the stock could see some pullback soon.

However, I'm going to focus on the former, and the two stocks below are both below a 30 RSI and could be good opportunities to buy today.

Canadian Natural Resource Ltd. ([TSX:CNQ](#))([NYSE:CNQ](#)) has seen a lot of heavy selling in the past month, with its share price plummeting 14%. Despite an improvement in its earnings in the most recent quarter, the oil and gas industry has been a bit more bearish lately, as oil prices have started to lose momentum, and worries about production [ramping back up](#) have spooked investors.

As a result, Canadian Natural's stock was at an RSI of just 27 at the close of last week, meaning it could be overdue for a spike back up in price. The last time the stock was at this low of an RSI was back in February, when it was under 27 and had closed at a price of \$38.62.

The share price would go on to rise to well over \$40 in the months ahead and could have netted a strong profit for those that bought on the dip; however, there's no guarantee we'll see that happen again.

AGT Food and Ingredients Inc. ([TSX:AGT](#)) is another stock that has been on a double-digit decline in the past month, with its share price losing more than 10% of its value. The company saw the drop in

price happen days after an earnings release that showed revenues for the quarter were down more than 24% from a year ago.

The sell-off in price put the stock at an RSI of 26 and well into oversold territory. Like Canadian Natural, AGT has been here before. Back in March, the stock had dipped to an RSI of just 14 when it closed at under \$15 a share. It would go on to rise to over \$17, but it too would eventually fall back down in price.

AGT's stock is trading around its book value, and so you don't have to worry about paying much of a premium for the stock today. Given its struggles, it may not be an optimal long-term buy, but in the short term there could be an opportunity to turn a profit.

CATEGORY

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