3 Struggling Stocks to Buy Right Now

Description

Stocks that are struggling could present great buying opportunities for investors, especially if their businesses aren't broken. While the markets are efficient in the long run, in the short term we see a lot of overreaction, especially if a company has a bad quarter or receives some bad press, which could make it a great time for opportunistic investors to score some great deals.

Pessimism, like hype, can be contagious, sending a perfectly good stock crashing down.

Below are three stocks that have been underwhelming this year that I'd buy at their current levels.

Air Canada (TSX:AC)(TSX:AC.B) stock is down 16% this year after climbing to highs of nearly $30 per share. Low oil prices have sent profits for airlines soaring, but as the commodity has begun rising in value, we've seen investors turn more bearish toward airline stocks. However, it's a bit early to be concerned about that just yet, especially with oil production expected to increase, which could bring prices back down.

The strong economy has helped increase demand for air travel, and Air Canada is seeing the results of that in its financials. In its most recent quarter, sales were up 12%. Profits of just $100 million in 2014 soared to over $2 billion last year.

The stock has become a bargain on the TSX, trading at only three times its earnings and less than twice its book value at the time of writing.

Corus Entertainment Inc. (TSX:CJR.B) investors have been concerned about the company's long-term future, as we've seen some big sell-offs happen this year after some disappointing results released by the company. The share price has declined around 60% since the start of the year as the bears have been out in full force.

Corus recently slashed its dividend in an effort to free up cash to bring down its debt as it looks to find ways to generate some positive momentum for its stock, which has failed to see much bullish activity even after a good quarter. The stock was discounted before its latest sell-off, and now trades only 0.7 times its book value at the time of writing.

Dollarama Inc. (TSX:DOL) hasn't seen as dramatic price drop as have the other two stocks on this list, but a 5% decline year-to-date is a big drop from the impressive pace of last year. The hype surrounding the stock has clearly died down, which could make it a good time for investors to take advantage of the dip in price.

In its most recent quarter, Dollarama's sales were up over 7%, and we could see that growth continue to rise as consumer debt increases and people are left with few choices but to cuts costs, making the discount retailer an attractive option over more conventional retailers.

Over the long term, Dollarama has produced generous returns for its shareholders, with the stock price doubling over the past three years; rising around 300%. over the past five years. It may be a bit pricey at a price-to-earnings multiple of over 30, but its growth potential is a big reason why investors are willing to pay a big premium to own Dollarama stock.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:DOL (Dollarama Inc.)

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