2 Stocks at 52-Week Lows That Could Be a Bargain Addition Today

Description

The S&P/TSX Composite Index rose 68 points on September 17. Cannabis stocks regained momentum after investors were spooked by news of a Canada Post strike vote late last week. Ongoing NAFTA negotiations have continued to loom large over the Canadian market, and this is unlikely to change before the October 1st deadline that has been tentatively set by the U.S. side.

Today, we are going to look at two stocks in struggling sectors that could potentially be bargains, as Canadians prepare for cooler weather in the fall. Both stocks have reached 52-week lows recently but also offer attractive income. This may be particularly enticing for those looking to shore up investments in registered accounts late in the year.

AltaGas (TSX:ALA)

AltaGas is a Calgary-based company that operates a diversified basket of energy infrastructure businesses. Shares fell 2% on September 17 and the stock is down 21.8% in 2018 so far. AltaGas has suffered from broader weakness in the Canadian energy sector since mid-July.

The company released its second-quarter results on August 1. Normalized EBITDA was flat year over year at $166 million, which was in line with expectations. For the first six months of 2018, normalized EBITDA was down to $388 million from $394 million in the prior year. However, revenues were up to $1.48 billion in the first six months of 2018 compared to $1.31 billion, and the company reported normalized net income of $23 million.

Oil and gas prices are expected to soften in the coming months without a sharp correction, which is good for AltaGas in the near term. AltaGas has worked to become a prominent company in North American clean energy, which should be of interest to long-term investors. It also offers a monthly dividend of $0.1825 per share, which represents a monster 9.7% dividend yield.

BCE (TSX:BCE)(NYSE:BCE)

BCE stock has dropped 12.9% in 2018 so far. I'd recently discussed the possible headwinds facing the telecom industry this year, but that does not mean BCE is not a potential discount at its current price.

The company still boasts a wide moat and an attractive dividend that may entice investors looking for a long-term income vehicle.

BCE released its second-quarter results on August 2. Wireless growth propelled revenues to rise 1.7% year over year, but adjusted net earnings fell 2.3% to $777 million. BCE has been locked with its main competitor **Rogers** in the ferocious Toronto market, and thus far has been unable to make up ground, even with its new spending spree on fibre-optic services. It launched its marketing campaign this past spring.

The company billed this as a "defensive" move, so investors should not overreact to its inability to cut into the market share of its peers. BCE last declared a quarterly dividend of $0.755 per share, representing a 5.6% dividend yield. Telecoms should continue to see strong wireless growth into the next decade and are still attractive income vehicles, as interest rates remain near historic lows in Canada.

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