



## 2 Oversold Stocks That Are Bargains Today

### Description

One of the hardest things for an investor to do is to buy a stock that's on its way down; some think it's just a downright-silly idea. After all, if a stock is falling, it's likely to continue to do so.

The problem with that assumption is no more problematic than the notion that what's going up will simply keep going up. [Bitcoin](#) offers a good reminder as to how quickly things can turn south. Even high-flying pot stocks have been very volatile lately and underscore the significant risk involved with buying high.

Buying oversold stocks focuses on buying low, which should give you better odds for success, especially when investing in strong companies. To find oversold stocks, you can look at their Relative Strength Index (RSI), which factors in the average gains and losses over the past 14 trading days. Once the RSI reaches below 30, it is considered to be oversold and suggests that a reversal could be in the cards.

**AltaGas** ([TSX:ALA](#)) is at an RSI of around 22 and has been heavily oversold lately. The catalyst behind the sell-off has been the company's decision to focus on its U.S. business as it sells off majority ownership in what will be an IPO for AltaGas Canada Inc. It expects it will still hold 37-45% of its subsidiary.

The move, along with a plan to sell non-core assets, is intended to help bring down the company's debt levels. AltaGas recently closed the WGL Holdings deal, which is likely a big factor in these decisions; WGL gave the company more access to the U.S. market while also causing it to take on some debt.

Ultimately, the company is making some wise decisions in looking to pay down debt and focus on a market that has been friendlier to oil and gas lately, and so I'd say this sell-off is a bit unwarranted. Investors may be unhappy with what the company estimates it will get for these sales or that is slowly moving away from Canada, but over the long term I believe these decisions will be good ones for the company and the stock.

**Canfor** ([TSX:CFP](#)) is hovering around an RSI level of 25, as it too has recently taken a dive. However, with no recent news releases from the company to impact these results, we can make a safe

assumption this is related to recent NAFTA discussions and likely out of a concern that a deal won't get done or that it will hurt softwood lumber companies.

The dispute around softwood lumber has been an ongoing one; softwood lumber was one of the early targets of the new administration south of the border. Although Canfor and other stocks have been able to perform well [despite this uncertainty](#), it seems investors are now backing away out of an abundance of caution.

Canfor's stock presents a bit of risk, but that shouldn't scare off investors, as the demand for softwood lumber will remain strong, notably in the U.S., where the economy continues to grow and as parts of the country seem to be hit annually by natural disasters, which will require significant re-building.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CFP (Canfor Corporation)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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