3 New Stocks in the Bargain Bin

Description

Hi there, Fools. I'm back again to highlight a few stocks that have recently been tossed onto the new 52-week lows list. A couple of reasons I do this is because beaten-down stocks can often provide

- very limited downside, as they've already "fallen off the cliff"; and
- highly attractive upside in the form of a prolonged turnaround.

As long as you're careful to stay away from value traps, buying low and selling high remains the most fundamental approach to wealth building.

Lumbering performance

Our first value opportunity is **Canfor** (TSX:CFP), which hit a new 52-week low of $22.46 late last week. Over the past three months, shares of the lumber company are off a steep 26% versus a loss of just 3% for the **S&P/TSX Composite Index**.

Canada and the U.S. might have reached a new trade agreement, but uncertainty surrounding softwood lumber continues to weigh heavily on Canfor. The company's costs have increased due to U.S. duties on softwood, and it seems that Mr. Market isn't ready to cheer on the new deal just yet.

Of course, with Canada managing to keep the Chapter 19 dispute-settling mechanism intact, Canfor's situation doesn't feel as dire as it was just a month ago. The stock isn't for the faint-hearted — it has two times the volatility as the overall market — but Canfor is certainly intriguing.

Spoiled groceries

The next slumping stock is **George Weston** (TSX:WN), whose shares hit a 52-week low of $93.43 on Friday. Year to date, the **Loblaw** and Shoppers Drug Mart parent is down 14% versus a loss of 7% for the **S&P/TSX Consumer Staples Index**.

Weakness at Loblaw, as well as the company's bakery division, continue to pressure the bottom line. In Q2, George Weston's profit plunged 80% as revenue declined 2% to $11.25 billion. Management is trying to streamline the product lineup of its bakery division, but progress is proving to be slower than expected.

On the bright side, costs associated with the transformation do seem to be coming down. With a dividend yield of 2% and a cheapish forward P/E of 12 (to go along with a stomach-warming beta of just 0.5), the floor on George Weston shares seems pretty solid.

Bankable rebound

Our final faller this week is **Laurentian Bank** (TSX:LB), whose shares hit a 52-week low of $41.96 on Friday. Over the past year, shares of the Montreal-based bank are down a significant 30% versus a gain of 2% for the **S&P/TSX Capped Financials Index**.

Unlike its much larger Big Five counterparts, Laurentian has been hurt by lower margins and a decline in mortgage sales. In Q2, the company's earnings per share slumped 18% to $1.34 as residential mortgage loans fell by $1 billion. Meanwhile, adjusted return on equity clocked in at just 10% compared to 13% a year ago.

The good news? Laurentian's mortgage underwriting crisis now seems to be completely resolved, while management continues to make decent strides in its shift towards commercial loans. When you couple that bit of bullishness with a scrumptious yield of 5.9%, Laurentian's turnaround is worth betting on.

Fool on.

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TICKERS GLOBAL

1. TSX:CFP (Canfor Corporation)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:WN (George Weston Limited)

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