



3 Oversold Stocks to Buy Right Now

Description

We've seen a lot of selling on the TSX recently, and while it may be a little unnerving, it also creates many opportunities for investors to buy stocks that have gone on the dip. Especially when it's market-related drivers pushing down prices rather than problems with the individual stocks themselves, it's likely that we could see them rebound.

One way to look for stocks that could be due for a turnaround is to find those that have a low Relative Strength Index (RSI). RSI is a technical indicator that looks at a stock's gains and losses over the past 14 trading days. An RSI value of under 30 tells us there have been a lot of losses during that time, outweighing the gains heavily, and suggests that it could be due for a recovery.

Below are three stocks that are near an RSI of 30 that could be good buys today.

Fairfax India Holdings ([TSX:FIH.U](#)) was trading at an RSI level of 25 as of Tuesday's close and with the stock dropping more than 20% in the past three months, it continues to get closer to its 52-week low. The stock is trading around its book value and could be a good pickup for investors wanting to invest in an emerging part of the [world](#).

Fairfax invests in many businesses in India, and in the years and decades to come that could drive a lot of growth for the company. Although Fairfax is coming off a disappointing quarter, it has been able to record a profit in three of its past five reporting periods.

Home Capital Group ([TSX:HCG](#)) dipped below 30 on the RSI scales briefly and was still very close to that level as of yesterday's close. Over the past month, the stock has declined by 10% and is about a dollar away from its 52-week low.

The stock trades at a big discount to its book value, as it continues to try and rebound from a horrible 2017 that saw its share price go over a cliff, which it has still not recovered from. The company has been putting in some improved quarters ever since, and with earnings coming up early next month, another strong performance could send the stock soaring.

NFI Group ([TSX:NFI](#)) is one stock that's always on my [watch list](#), and it's definitely a great time to

consider buying it as it trades at an RSI level of around 28, and that's an improvement after falling under 13 not too long ago.

NFI stock has declined 11% in just the past month, as it too is approaching its low for the year. Its business model is a simple one, and that makes it an appealing investment because it's easy to understand and to see where the growth will come from.

At a price-to-earnings multiple of less than 12, NFI is a great option for value investors that are also looking for long-term growth. Not only does the company have strong financials, but NFI also pays its shareholders a dividend that yields 3.2% per year.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
2. TSX:HCG (Home Capital Group)
3. TSX:NFI (NFI Group)

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