



3 Beaten-Up TSX Index Stocks That Look Oversold Today

Description

The correction in the Canadian market is hitting TSX Index heavyweights pretty hard, and that is giving contrarian investors a long-awaited opportunity to pick up some of the country's [top stocks](#) at reasonable prices.

Let's take a look at three companies that deserve to be on your radar right now.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien is the product of the merger between Potash Corp. and Agrium, which occurred at the beginning of 2018. The deal created the industry's largest fertilizer company producing potash, nitrogen, and phosphate for the global market. The new business also has a retail division that supplies seed and crop protection products to farmers around the world.

Annual run-rate synergies are expected to hit US\$500 million by the end of 2019, well above the US\$300 million originally anticipated. The company is also benefiting from a rebound in commodity prices, and its sheer size means small increases in prices can turn into significant gains in free cash flow.

On the retail side, Nutrien continues to make strategic acquisitions in a market that is ripe for consolidation. In the U.S., Nutrien currently has a 19% share of the retail market.

The company pays a quarterly dividend of US\$0.40 per share. That's good for a yield of 3%. Investors should see steady increases in the payout in the coming years. At the time of writing, the stock is trading at \$67 per share compared to the 2018 high near \$76.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal is down to \$98 per share from \$108 just a month ago. The stock was arguably getting expensive at the high, but it's now starting to look reasonable, given the balanced revenue stream and the modest relative exposure to the Canadian housing market.

Bank of Montreal has strong personal and commercial, wealth management, and capital markets operations. It is best known for the Canadian business, but also has a significant U.S. division with more than 500 branches serving clients mostly located in the Midwest States. Lower taxes and higher interest rates should provide strong support for earnings in the U.S. market.

In Canada, Bank of Montreal has a smaller mortgage book than some of its peers, which means it should feel less pain in the event the housing market hits a rough patch. To date, house prices are holding up reasonably well across the country, despite the sharp rise in rates over the past year, and most pundits are calling for a gradual softening, rather than a collapse of the market.

Bank of Montreal has paid a dividend every year since 1829. The current payout offers a [yield](#) of 3.9%.

Barrick Gold ([TSX:ABX](#))(NYSE:ABX)

You have to be a long-term gold bull to own any of the gold producers. If you fall in that camp, Barrick looks attractive today. The company's merger with Randgold creates a giant in the global gold sector with five of the planet's top 10 mines. As the sector continues to consolidate, Barrick has the size and firepower to make strategic acquisitions, and we could get to a point where the majority of the world's large gold deposits are owned by a few players.

The recent surge in the price of gold has given Barrick a bit of a lift, but the stock still looks oversold after an extended slide. Volatility should be expected and rising interest rates are certainly headwinds for the gold market, but there is a chance we could see the recent safe-haven buying escalate in the coming months.

The bottom line

Buying good companies when they are out of favour can result in strong long-term returns. More downside could be on the way, but it might be time to start nibbling on Nutrien, Bank of Montreal, and Barrick Gold.

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