



3 Oversold Stocks to Target in November

Description

The S&P/TSX Composite Index climbed 172 points on October 30. Major indexes in the United States also rallied on the hopes of a breakthrough in trade talks between the U.S. and China. Historically, markets have also received a bump after the midterm elections.

Earlier this month, I'd discussed several stocks for investors to target if they want to bet on the ["Buy Canada" trade](#). Even after the October pullback, U.S. blue chips are still suffering from high valuations, while the TSX has significantly underperformed the S&P 500 over the past decade. Stability on the trade front combined with improved investor sentiment should drive interest for top TSX-listed stocks in late 2018.

Today, we are going to look at three stocks that have been punished in October.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify stock has plunged 20.1% month over month as of close on October 30. Tech stocks have suffered some of the [worst losses in October](#). The tech-heavy NASDAQ was hit with its worst month since October 2008 — the height of the financial crisis.

The month of October put a damper on a strong earnings release for Shopify. The company released its third-quarter results on October 25. Total revenue rose 58% year over year to \$270.1 million, as Merchant Solutions revenue posted growth of 68% to \$149.5 million. Gross Merchandise Volume reached \$10 billion in the third quarter, a \$3.6 billion increase from Q3 2017.

Shopify is projecting revenues over \$1 billion for the full year compared to \$673 million in 2017. The company put up fantastic numbers on Black Friday and Cyber Monday in the prior year, and investors can expect more of the same, as consumers continue to migrate to e-commerce channels. Shopify is pricey but worth considering in your portfolio in November.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

TD Bank stock has dropped 7.1% over the past month as of close on October 30. This has pushed the

stock into negative territory for 2018. For the first six months of 2018, TD Bank has posted adjusted diluted earnings per share of \$4.84 compared to \$4.18 in the prior year.

TD Bank has announced that it will release its fourth-quarter and full-year results for 2018 on November 30. On October 22, the bank announced that it expects TD Ameritrade's fourth-quarter earnings to translate into about \$235 million reported equity in net income of an investment in TD Ameritrade. TD Bank also offers a quarterly dividend of \$0.67 per share, representing a 3.5% yield.

Magna International ([TSX:MG](#))([NYSE:MGA](#))

Magna stock has dropped 5.4% month over month. Shares are down 9.9% in 2018 so far. Magna posted record results in the second quarter and is expected to release its third-quarter results for 2018 in early November.

The tentative United States-Mexico-Canada Agreement provided some relief for investors who were sweating the possibility of auto tariffs in 2018. The agreement, which has yet to be ratified, will shake up auto content requirements on the continent, but Canadian auto manufacturers should remain in a good position after adjustments are made. Magna has dipped to a near 52-week low as of close on October 30. Outlook was marginally reduced in the second quarter due to a strong U.S. dollar, but Magna is still on pace for very good year-over-year growth.

CATEGORY

1. Investing

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1. NYSE:MGA (Magna International Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:MG (Magna International Inc.)
5. TSX:SHOP (Shopify Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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