
3 Stocks to Buy Low Before the New Year

### Description

The S&P/TSX Composite Index had dropped 7% in 2018 as of close on November 22. Canadian equities have been throttled by the global sell-off and by plunging oil and gas prices, which have taken a toll on the energy-heavy index. Investors are now heading into the final weeks of 2018, and many are pondering how to take the next steps as economic headwinds build up in 2019 and beyond.

Today, we are going to look at three stocks that are potential buy-low opportunities in the final weeks of the year. Let's dive in.



## Encana (TSX:ECA)

Encana is a Calgary-based oil and gas producer. The Albertan oil patch has suffered enormously from the precipitous drop in the price of Western Canadian Select (WCS). Workers and industry leaders have sounded the alarm, and there are demands for action directed at Ottawa. Finance Minister Bill Morneau has said that the federal government's options are limited especially as global factors are putting pressure on prices.

Shares of Encana have plunged 32% month over month as of close on November 22. The autumn slide has pushed Encana deep into negative territory for 2018. Encana stock posted an RSI of 26 as of close on November 22, indicating that it is oversold as of this writing.

The company posted a strong performance in the third quarter. Cash from operating activities surged 148% year over year to $885 million and liquids production rose 40% from the prior year to 178,700 barrels per day. Canadian energy companies are facing a crisis, but a December OPEC meeting could result in global production cuts that could stabilize oil and gas prices. Encana is a risk considering the volatility in the sector, but it is hard to ignore its technicals and its solid 2018 financials.

## Sleep Country Canada (TSX:ZZZ)

Sleep Country stock had plunged 31% month over month as of close on November 22. The stock had dropped 35% in 2018 as of this writing. This plunge has also put Sleep Country Canada into oversold territory, as it boasts an RSI of 26 as of close on November 22.

The company released its third-quarter results on November 1. Analysts were disappointed in the 0.2% increase in same-store sales, but this still represented the 21st consecutive quarter of sales growth. Its e-commerce business more than doubled, and Sleep Country announced the opening of four new stores in the quarter. For the first nine months of 2018 adjusted net income has climbed 6.1% to $49.1 million.

The board of directors announced a dividend of $0.185 per share, which represents a 3.3% yield.

## Indigo Books & Music (TSX:IDG)

Indigo Books & Music stock had dropped 14.5% as of close on November 22 and shares were down 32% in 2018. In the second quarter, Indigo posted a year-over-year decline in sales due to the closure of several low-performing stores and the renovations of 12 others. Indigo also announced the opening of its first U.S. location at the Mall at Short Hills in New Jersey.

The stock is an enticing target ahead of the holiday season, which is typically very busy for Indigo. Analysts estimate that new renovations could tack on 20% revenue growth going forward. Hovering around three-year lows, Indigo is an attractive target right now. The retail sector is always a risk, especially one with such heavy reliance on brick-and-mortar locations, but Indigo has managed to buck the trend for some time now. New tweaks should power the company to finish strong this decade.



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