



3 Stocks I'd Buy on the Dip Right Now

Description

The **S&P/TSX Composite Index** shed another 68 points on November 27. The index has registered a 7.8% loss in 2018 so far. This week I went over [some options](#) for investors to consider in a turbulent market, but today we'll explore equities that look like discounts late in the year.

Leon's Furniture ([TSX:LNF](#))

Leon's Furniture stock hit a 52-week low of \$14.72 in trading last week. Shares have plunged 14.9% month-over-month as of close on November 27. The stock had been practically static from May until November, but a disappointing third-quarter report pulled down the stock price in the middle of this month.

Retailers suffered broadly in Q3 2018, which has some analysts wondering if this could be the sign of a harsh pullback going forward. Leon's saw adjusted net income fall marginally to \$34.2 million as total system-wide sales rose a paltry 0.1% to \$707 million. In the first nine months of 2018, system-wide sales have increased 2.2% to \$1.96 billion.

These trends are worth considering, but Leon's still boasts a strong balance sheet and is well-positioned to tick off decent growth for the full year. Leon's stock is still in oversold territory as of this writing with an RSI at 27. The stock offers quarterly dividend of \$0.14 per share, which represents a solid 3.3% yield. Leon's is an attractive buy-low target in hopes that Canadian retail can bounce back in Q4.

Melcor Developments ([TSX:MRD](#))

Melcor Developments is an Edmonton-based real estate development and asset management company. Shares closed at a 52-week low of \$12.93 on November 27. In the third quarter, net income fell to \$11.47 million or \$0.34 per share compared to \$11.52 million or \$0.34 per share in the prior year.

Melcor has been a victim of crashing oil and gas prices, which have [intensified](#) in the month of November. Developers across Alberta have still been in recovery from the issues caused by the 2014-2015 oil shocks. However, there is hope that this crisis can be abated as OPEC is set to meet and

settle on a possible production cut in December. At the rate the U.S. is producing this may only slow the decline, but that will still be good news for the oil patch right now.

Melcor last declared a quarterly dividend of \$0.13 per share, representing a 4% yield. The stock will be vulnerable to the ongoing economic turbulence impacting Alberta. It last posted an RSI of 35, just above oversold territory. I am betting on price stabilization in late 2018 and early 2019, so Melcor is a stock I like heading into December.

Alcanna (TSX:CLIQ)

Alcanna stock dropped to a 52-week low of \$7.15 on November 27 as Canadian cannabis stocks have continued to struggle after legalization. Alcanna is an alcohol and cannabis retailer, and top producer **Aurora Cannabis** boasts a 25% stake. This proved to be the stock's undoing in November.

Alcanna had called for more clarity in Ontario with regard to its private retail regulations. On November 14 the province said that retail licenses would not be issued to corporations if more than 9.9% of the company is controlled by one or more licensed producers or their affiliates. However, Alcanna appears confident that it will be able to clear this hurdle even if it is forced to develop an independent company.

Alcanna's properties have posted impressive sales numbers in the opening weeks of cannabis legalization. Its entry into the most populous province in Canada is a top priority. Alcanna stock last posted an RSI of 27, indicating that it is oversold as of close on November 27. The stock last paid a quarterly dividend of \$0.09 per share, representing an attractive 5% yield.

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2. TSX:MRD (Melcor Developments Ltd.)

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