3 Undervalued Stocks to Buy for 2019

Description

As 2018 draws to a close, many investors are selling off some or all of their losses for tax purposes, creating opportunities for opportunistic investors to buy these stocks at reduced prices and benefit from a big dip in price.

Below are three stocks that have been down more than 20% this year that could be poised for much stronger performances in 2019.

Dollarama Inc (TSX:DOL) has been hit very hard this year after a couple of recent quarters that underwhelmed in terms of sales growth. The stock, which had a very strong 2017, has seen the reverse happen in 2018, as it has shed more than 35% of its value thus far.

The reason I see an opportunity for Dollarama here is because I'm not convinced that the company has peaked and that it can no longer return to the days of double-digit sales growth.

Although 2018 continued to see strong jobs numbers and interest rate increases, it's possible that we'll see things start to slow down in 2019, especially as we see more uncertainty in some industries.

If that happens, we can expect people to look for more ways to save and cut back on spending. Shopping at a discount retailer like Dollarama is one way to do that.

WestJet Airlines Ltd (TSX:WJA) has declined by 30% year to date as rising oil prices have chipped away at profits and bad press surrounding a possible strike didn't help encourage much bullishness in the stock.

However, with the airline introducing Scoop, its new discount option, and oil prices looking like they might be back on the decline, WestJet might be able to take advantage and mount a good rally next year.

The stock is trading below its book value and isn't far from its 52-week low. Like Dollarama, WestJet could see some growth if the economy struggles as travelers look for cheaper travel options. Business travel is not going anywhere anytime soon, and vacations are one thing people don't want to give up easily.

WestJet’s stock has been stuck in a bit of a range lately and a new year could remind investors that it’s a solid pick-up.

The Stars Group Inc (TSX:TSGI)(NASDAQ:TSG) was off to a strong year in 2018, but went off the rails when a disappointing quarter sent investors into a panic.

The company has been growing and has been in acquisition mode lately, meaning that it will be incurring more costs along the way. And so it’s understandable that it might have some more expenses weighing it down, at least momentarily.

Over the long term, however, with the U.S. opening its doors to online sports betting, Stars Group could have a lot of potential. Ultimately, it’ll be up to individual states to determine whether they want to permit sports betting, but it’s inevitable that we’ll see some take that route in the coming year.

When that happens, I expect Stars Group to focus on those markets and look to take advantage of what will surely be an incredible opportunity to tap into some big, new markets for the company.

CATEGORY

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