3 Oversold Stocks to Buy for 2019

Description

There have been a lot of stocks on the decline lately, but you can narrow in on the best buys by looking at those that have been oversold. Relative Strength Index (RSI) is a technical indicator that can help you identify those stocks, as it looks at price gains and losses over a period of time. Below are three stocks trading below an RSI of 30 (which indicates a stock oversold) over the past 14 trading days that could be great buys today.

Domtar (TSX:UFS)(NYSE:UFS) was at an RSI of just 26 at the end of last week, as it has declined by nearly 30% in the past three months. Early in December, the stock also made a "death cross" where its 50-day moving average fell below the 200-day average. It went on to a steep decline right after and ended up hitting a new low for the year.

The stock looks to be a good buy, as it has had some strong quarters lately; outside a bad performance a year ago, the company has been able to produce three straight periods of positive net income. Domtar sells many types of different products in both Canada and the U.S., giving it a great deal of diversification and security.

Currently, Domtar's stock is trading around book value, and the decline has pushed its dividend yield up to 4.7%.

Inter Pipeline (TSX:IPL) has also struggled lately, as its share price has fallen by 14% since October and sits at an RSI of around 28. Despite sales rising 25% in its latest quarter and profits up by 18%, Inter Pipeline has gotten no love from investors, as concerns about the oil and gas industry weigh down the Canadian markets.

With oil prices being back on the decline, there's still a lot of apprehension when it comes to investing in oil and gas. However, that creates a great opportunity for investors to take a chance on the stock. And with a good yield of more than 8.9%, you'll be compensated very well for holding the stock.

From a value point of view, the stock trades at a very modest 12 times earnings and a little more than two times its book value. It's also trading near its 52-week low, and if you're not risk-averse, this could be a great addition to your portfolio.

TFI International (TSX:TFII) has been in oversold territory for a few weeks now. With its RSI reaching 27 last week, it looks like it might be making a bit of a recovery. However, in the last three months it is still down 25%, and although it is not near its 52-week low, the stock is trading at less than 10 times its earnings and only two times its book value.

The transportation company saw good growth of more than 11% in its most recent quarter, and with the economy still doing very well, it's a trend that's likely to continue into 2019. Over the long term, TFI has produced strong returns for its investors, with its share price rising 40% in five years and more than 750% during the past decade.

TFI also pays a modest dividend of around 2.7% to help pad those returns even further.

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Date
2025/08/13
Date Created
2018/12/31

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