



2 Stocks Near 52-Week Lows: Should You Buy Before February?

Description

The **S&P/TSX Composite Index** had climbed 6.1% in 2019 as of close on January 23. The sharp bounce back in January has made it difficult for investors on the hunt for discounts. For those who want to avoid paying a premium, there are a few options worth considering.

Today I want to go over two stocks that have plunged sharply over the past month. Both have hovered around 52-week lows in recent trading sessions. Are these stocks discounted, or falling knives?

MEG Energy ([TSX:MEG](#))

In January, MEG Energy stock slipped below the \$5 mark for the first time since the spring of 2018. Shares were pummeled after **Husky Energy** elected to abandon its hostile takeover bid. The offer had received considerable pushback from MEG leadership in late 2018. Husky reportedly has support of over 60% of MEG's shareholders but still claimed "lack of support" in making its decision.

Obviously, there were other factors at play. Husky cited [negative developments for the Canadian oil and gas industry](#) as part of its reasoning to turn its back on the deal. This included a lack of progress on expanding pipelines in Western Canada and the decision by the Notley government in Alberta to move forward on production cuts to boost the price of Western Canadian Select (WCS).

MEG Energy plans to shake up its board of directors and perform a strategic review going forward. The company will see its production curbed due to the new policy by roughly 8,000 to 10,000 barrels per day. Still, the company has a base capital budget of \$200 million in 2019 to sustain production and fund future projects.

As of close on January 23 MEG stock boasted an RSI of 25, indicating that the stock is oversold. Shares had not dipped into oversold territory since 2017. Canadian energy stocks will be subject to volatility after severe policy adjustments, but MEG looks like a solid pick up for value players in late January.

NFI Group ([TSX:NFI](#))

NFI Group is a Toronto-based automobile manufacturer. Shares reached a 52-week low of \$28.47 in trading last week. The stock was down 5.4% in 2019 as of close on January 23.

This week I'd discussed how aerospace, transportation, railroad, and airline industries had encountered weakness in the face of [broader economic concerns](#). In late 2018, NFI Group remained confident in its fiscal 2018 and 2019 outlook, citing strong economic conditions in the United States and Canada. For the first nine months of 2018, adjusted net earnings climbed to \$123.4 million compared to \$113 million in the prior year.

At the time of this writing, NFI Group has already enjoyed a solid rebound. The stock was up 10.6% week-over-week as of close on January 23. Shares were still down 44% year over year. NFI Group stock had an RSI of 44 as of writing, putting it in neutral territory in late January. Broader economic pressures and the sharp bounce back in NFI Group stock make it a less appealing addition in comparison to MEG Energy right now.

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Author

aocallaghan

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