



2 Small-Cap Stocks At 52-Week Lows: Should You Buy Today?

Description

The **S&P/TSX Composite Index** was up 56 points in early afternoon trading on February 5. The index has climbed 9.2% in 2019 so far and has now posted a 5% year-over-year increase. This is an impressive rebound given where we left the TSX in late 2018.

Those looking to buy in February will need to [bargain hunt](#) to find deals. Many of the top stocks on the TSX are in or nearing overbought territory right now. Today we are going to look at two stocks that have reached 52-week lows in trading over the past two weeks and are still near those lows today. Could these equities be a bargain or should investors steer clear?

Indigo Books & Music ([TSX:IDG](#))

Indigo Books & Music stock was down 6.9% in 2019 as of early afternoon trading on February 5. Shares have plunged 40% year over year. The stock plunged to a 52-week low of \$10.10 in the final trading day of January, and as of this writing shares were trading at \$10.50. The company is expected to post its third-quarter results today.

In late January I'd discussed how Indigo had moved to improve its e-commerce offerings. Its online expansion was a solid source of growth in Q3. However, the online market on books and trinkets is so thoroughly dominated by **Amazon.com** that it's difficult to envision Indigo being able to see the [benefit of this broader trend](#) without having to scale back its brick-and-mortar footprint.

Is Indigo trading at a discount before its Q3 earnings release? **Its Relative Strength Index (RSI)** stood at 43 as of this writing, putting the stock firmly in neutral territory ahead of the next report. Investors have been able to count on a holiday bump for Indigo in prior years.

MAV Beauty Brands ([TSX:MAV](#))

MAV Beauty Brands is an Ontario-based personal care company. Shares have dropped 17% in 2019 as of early afternoon trading on February 5, and the stock has plunged 34% year over year. MAV stock hit a 52-week low of \$7.87 in trading on January 31. Shares have since bounced back to \$8.85 as of this writing.

The company is expected to release its fourth-quarter and full-year results on February 8. Total revenue more than doubled from the prior year in the third quarter of 2018. This inspired the company to increase its full-year Pro Forma revenue guidance to \$95-\$100 million. MAV is anticipating a launch with a second major U.S. drug retailer for Cake Beauty in the first quarter of 2019. It entered nine new international markets in 2018 as at September 30, 2018.

MAV stock dipped into oversold territory for a large chunk of December. Investors who elected to jump on technical signals at the time will have been punished by its performance in January. Its RSI currently sits at 46, putting it well outside of oversold territory. Still, I like MAV at its current price ahead of its Q4 release.

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Author

aocallaghan

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