This Stock Has Soared 60% in 6 Months and Could Be Headed Even Higher!

Description

Given how well stocks have been doing in 2019, you might be discouraged in thinking that there aren't any good deals out there anymore. However, there are some stocks that are still recovering from prior years that could be great buys today.

Corus Entertainment (TSX:CJR.B) is a great example of a stock that's been soaring over the past several months but that's still nowhere near where it was just a couple years ago. Since September, Corus has risen by more than 60% in value, and the stock is still a cheap buy, trading well below its book value.

It's been a rough ride for the company, as it has slowly been able to bring investors back on board after a disastrous 2018. While there were concerns that online streaming services would threaten the demand for Corus and other content providers, it hasn't been all doom and gloom just yet. Although Corus hasn't seen much sales growth, and its top line was up just 2% last quarter, it has proven to be steady nonetheless.

Why cable isn't dead

While **Netflix** (NASDAQ:NFLX) has been very popular for many years now, higher prices and increased competition are making the streaming service less appealing to many consumers. For one, the service is just not as affordable as it was before, as recent hikes have been necessary for the company to continue to produce original content. And that leads us to another important problem: more competition.

Previously, Netflix was a great curator of content from a variety of different sources. However, now we're seeing networks setup their own streaming services rather than going through Netflix, and now consumers have to make a decision whether to subscribe to Netflix, individual networks, or both, which is going to continue to erode the benefit of streaming services if consumers are going to have to use multiple services. Having a cable subscription won't look nearly as expensive anymore.

With Netflix no longer being a one-stop shop for consumers, it has effectively lost its competitive edge.

A head-to-head battle with other content producers is going to be mean tighter margins and higher prices and could lead consumers back to cable.

Why this matters for investors

If Netflix and other content providers aren't able to provide consumers with adequate solutions, that means a company like Corus might see a lot more advertisers return, which will help rejuvenate its sales and help the stock's value.

As cable companies start to offer more streaming options for consumers, the difference between their offerings and what consumers can get elsewhere will be much narrower. And with many different online services to compete with, cable could ironically become the best curator of content.

This is a big reason why I can see Corus continuing to rise in value. The stock is simply not as doomed as investors thought it was back in 2018 after one bad quarter. While I'm not sure what the upside will be, I wouldn't be surprised to see the stock return to double digits.

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