



2 Undervalued Stocks That Are Starting to Rally

Description

It can be really hard to find stocks that are undervalued during a time when stocks are finally starting to steer in the upward direction again.

Investors tend to lean towards exciting stocks to take advantage of this upward movement, like cannabis or even oil and gas. But I want to take you in another, less expensive direction.

There are two types of production that are increasingly growing in demand: methanol and uranium. Those producing these products are only in the beginning of a prosperous future, so investors should be looking to take advantage of this opportunity to buy before share prices soar.

Methanex

Methanex ([TSX:MX](#))([NASDAQ:MEOH](#)) is the [world's largest producer of methanol](#), twice the size of even the second-largest producer in the world. And that production could be set to increase even further.

Global demand currently sits at about 78 million tonnes of methanol per year, but by 2021 that is set to grow to about 91 million tonnes.

Yet in the past five months this stock has plummeted, at one point hitting a loss of 40% from its high in October. Granted, that was back in October when everything dropped like a stone, but this stock has struggled to get back up. And there's no good reason for it.

Granted, fair value isn't up near the \$105 range that it hit before the drop, but it's still higher than it is now. This stock should be more in the \$85 area, and it has a promising immediate future that should have investors champing at the bit. Not only because of its stock price, but also its dividend. At the time of writing this article, that dividend is at 2.28%, so investors can expect a tidy little sum to come along with their hopefully increasing earnings.

Cameco

Now, it's really no secret that a uranium boom isn't just coming; it's begun. Reactors are firing up around the world, with new ones being [built throughout China](#), a country that wants to be rid of its reliance on coal.

That's made investors slowly, but surely start looking at uranium stocks again. And **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) is at the top of their lists. Cameco is one of the world's largest uranium producers, with a current share price and historical performance that should really get investors excited.

Currently, the stock is trading at about \$15.75 per share, but at the peak of uranium production, shares were in the mid-\$50s! That means if you were to put just \$1,000 into Cameco today, you could see about \$3,500 should those same prices come back.

So, should demand suddenly spike, Cameco is ready. The company has a number of closed-down mines that are ready to fire up again upon demand, making the company ready to increase production over the next several years.

Bottom line

Minerals can be a tough game to play, as it's unknown when something like the Fukushima nuclear disaster could happen. Or an environmental report about methanol could come out, plummeting share prices as well. But you can't live thinking the worst. Right now, these two stocks are set to make huge gains as demand increases, and it *is* increasing.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. NYSE:CCJ (Cameco Corporation)
3. TSX:CCO (Cameco Corporation)
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