3 Top Stocks Under $20

Description

Since the year began, the **TSX Index** is up nearly 20%. With asset prices continuing to rise, it can be difficult to spot bargain stocks.

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Here are three stocks under $20 per share worthy of your attention. But take note: not all are buys.

Crescent Point Energy Corp (TSX:CPG)(NYSE:CPG)

Crescent Point has a volatile past.

From 2002 to 2014, shares rose by more than 1,000%. Conditions took a turn for the worst after oil prices fell by more than 50%. Today, shares trade at the same levels they did back in 2003.

Last quarter, cash levels fell below $50 million while the company's debt load remained over $3 billion. Shares are trading as if bankruptcy is a real possibility, and it is. If the company can survive the next few quarters, however, conditions could rebound quickly.

This year, management anticipates generating $600 million in excess cash flow. If this becomes a reality, Crescent Point can pay off a large chunk of debt and possibly repurchase some stock at historic lows. Surging oil prices are only increasing the odds that Crescent Point becomes a turnaround success.

Hudbay Minerals Inc (TSX:HBM)(NYSE:HBM)

Hudbay Minerals stock surged by 100% after an update to its most important project: the Rosemont mine in Arizona.

Recently, the company received a Section 404 water permit from the U.S. Army Corps of Engineers for the mine, a huge development following approvals from the U.S. Forest Service.

Hudbay hopes the project will soon become the third-largest copper mine in the U.S., accounting for 10% of domestic annual copper production.

To take advantage of the good news, Hudbay decided to purchase its partner's 7.95% stake in the project for US$45 million, plus several annual payments of $10 million beginning in 2022. If the project can produce as planned, this would be a very reasonable price to pay.

Keep in mind, however, that mining stocks have largely disappointed over multi-year time frames. Even after the surge, Hudbay stock trades at just $9 per share. In 2003, shares traded at the same price. There have been volatile swings in the interim, but ultimately, buy-and-hold investors wound up with a near-zero return.

There's an old saying that suggests buying the rumour and selling the news. Sentiment has shifted for Hudbay, but if history is any indication, the bad times are far from over.

Bombardier, Inc. (TSX:BBD.B)

Bombardier is a Canadian powerhouse. With more than $30 billion in assets and nearly 70,000 employees, Bombardier generates revenues from nearly every corner of the world. Unfortunately, this scale hasn't resulted in reliable profits.

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Last year, the company generated net income of $232 million. The previous four years, however, it lost a combined $8 billion. With a market cap of only $6 billion, Bombardier is struggling to survive.

On April 25, the outlook took another dive as Bombardier revised its 2019 revenue guidance to US$17 billion, a reduction of around US$1 billion. Delays in some large rail projects and unfavourable aircraft delivery timing are largely to blame.

While Bombardier will remain a household name, the company hasn't created shareholder wealth since 2004, when shares traded at $2.50 apiece, the same level as shares trade at writing.

Operating an aging, capital intensive business is clearly a difficult task. Bombardier will likely remain in the headlines due to its established brand, but this is a tough company to trust your money with.

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1. Energy Stocks
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2. NYSE:VRN (Veren)
3. TSX:BBD.B (Bombardier)
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