Fire Sale! 3 Stocks to Buy Today

Description

The S&P/TSX Composite Index suffered another triple-digit loss on May 13. Heightened trade tensions between the United States and China have weighed on global markets this month. China is prepared to retaliate with its own batch of tariffs on June 1, which will likely escalate worldwide anxiety.

In the midst of this chaos, there is opportunity for investors. Today, we are going to look at three stocks that have fallen sharply in May. Each is worth adding on the cheap.

Great Canadian Gaming (TSX:GC)

Great Canadian Gaming is a British Columbia-based company that operates gaming, entertainment, and hospitality businesses in Canada and the United States. Shares have plunged 15.6% month over month as of close on May 13. The stock is down 13% in 2019 so far.

The company released its first-quarter results for 2019 on May 6. Revenues jumped 35% year over year to $312.1 million, but total net earnings fell 8% to $41.8 million. Recent anti-money laundering rules have worked to curb high-stakes play, which has eaten into Great Canadian Gaming's profit. This ongoing crackdown has hurt casinos in British Columbia, and it is difficult to predict when it will see a drawdown.

The crackdown aside, the company's GTA properties make it an enticing play going forward. It boasts solid financial flexibility after its Q4 2018 corporate refinancing. Construction is underway at several GTA and West GTA gaming facilities. Shares had an RSI of 18 as of close on May 13, which puts Great Canadian Gaming stock well into technically oversold territory.

Magna International (TSX:MG)(NYSE:MGA)

Magna International is the largest automobile parts manufacturer in North America. Shares of Magna have plunged 15.3% over the past month. The stock is down 1.4% in 2019 so far.

Declining demand for automobiles spurred a downward adjustment in Magna's guidance in its first-quarter report. Earlier this month, I'd discussed the state of the automobile industry in Canada and weakening sales that have continued over 14 months. Softening global demand is a risk to Magna going forward.

Magna hopes to make inroads as it moves to incorporate advanced driving and automated technologies. However, this push has resulted in higher costs. Magna still boasts a strong cash position, but investors should expect a pullback in its overall results compared to a record 2018.

Magna stock had an RSI of 20 as of close on May 13. This post-earnings dip has put the stock into technically oversold territory in mid-May. Magna is facing a challenging environment in its industry, but its stellar production and strong cash flow make it a worthy target for investors.

Toromont Industries (TSX:TIH)

Toromont Industries is an Ontario-based industrial company that operates through its Equipment Group and CIMCO segments. The stock has dropped 12.8% over the past month. Shares are still up 5.5% from the prior year.

Toromont has suffered a sharp drop following the release of its first-quarter 2019 results. Total industry activity softened compared to the prior year, but Toromont still reported a 3% increase in revenues to $700 million. Construction orders increased in its Equipment Group segment, but mining and power systems orders dropped 21% from the prior year.

The company boasts a strong financial position. Leverage as represented by the net debt to total capitalization was 26% at the end March 2019. Toromont announced a quarterly dividend of $0.27 per share in Q1 2019, which represents a 1.8% yield. The company has achieved dividend growth for 29 consecutive years.

Toromont stock had an RSI of 16 as of close on May 13, which puts it deep into technically oversold territory. This is an attractive dividend-growth stock to add at a discount.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:TIH (Toromont Industries Ltd.)

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Date
2025/08/25
Date Created
2019/05/14
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