



## Buy These 2 Stocks That Were Oversold Even Before the Market Selloff

### Description

If the market continues the selloff that we are seeing recently, the list of “undervalued” and “oversold” stocks will grow, leaving investors with many choices, some of which may seem undervalued but, upon closer inspection, will prove not to be.

I would like to present two stocks that were undervalued even before the market selloff began and that, in fact, have been undervalued for a long time.

These are two stocks investors can look to today for value creation, limited downside, and big upside.

### Enerplus ([TSX:ERF](#))([NYSE:ERF](#))

Enerplus is one of those stocks that has been consistently ignored despite the quality of its financials, its history of shareholder value creation, and its consistently strong cash position and cash generation, all of which imply that accelerated share repurchases and dividend increases are coming.

In its latest quarter, the first quarter on 2019, Enerplus continued its solid performance, posting a more than 4% production growth rate, a 4.5% increase in funds from operations, and a stellar balance sheet, with a net debt to funds flow ratio of a mere 0.5 times.

In the last three years, cash flow has grown at a CAGR of 17%, more than \$300 million of [free cash flow](#) has been generated, and returns on capital have been impressive.

Oil prices remain above \$60, and natural gas prices are showing signs of strength and hope for the future.

Despite all of this, the stock is down 11% since its April highs.

### Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien is another name that has been [undervalued](#) for a while now.

Investors have an attractive entry point into shares of Nutrien at this time, as it is trading at an attractive price-to-earnings multiple of below 20 times 2020 expected consensus earnings, offers a dividend yield of 3.3%, and offers an increasing EBITDA and cash flow profile.

Nutrien stock is down almost 7% from April highs and continues to see downward pressure, despite the fact that synergies from the merger of Potash and Agrium are coming in higher than expected, free cash flow is growing rapidly, and cash flow generated from 2019 to 2021 is expected to be as high as \$10 billion.

Investors can expect this cash flow profile to result in continued share buybacks and dividend increases, which can be expected to provide support for the stock.

## Final thoughts

These two oversold and undervalued stocks have long underperformed and disappointed shareholders. Going forward, we can expect them to be rewarded for their strong balance sheets and cash flow-generation capability. Add these oversold stocks today.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. NYSE:NTR (Nutrien)
3. TSX:ERF (Enerplus)
4. TSX:NTR (Nutrien)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

## Tags

1. Editor's Choice

## Date

2025/08/19

## Date Created

2019/05/17

## Author

karenjennifer

default watermark

default watermark