



3 Stocks Under \$5 You Should Buy Right Now

Description

Roots ([TSX:ROOT](#)), **Bombardier** ([TSX:BBD.B](#)), and **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE) are all undervalued stocks under the \$5 mark that could see huge potential growth in the future.

However, some are more volatile than others. So, let's take a look at each stock.

Roots

Roots has a P/B ratio of 0.8 times, making it one of the lowest in the retail industry, yet its ROE meets the industry average at 5.51%, making this a potentially great buy.

At only \$4 per share, analysts believe the stock could double in the next 12 months. While that is still below its highest point around \$13 per share, the stock is well on its way there, growing 33% since December. As such a staple of the Canadian retail industry, this stock likely isn't going anywhere. And if it can crack the U.S. market, shares could soar into the stratosphere.

Bombardier

A more [risky investment](#) is Bombardier. This stock is trading at just over \$2 per share at the time of writing, with analysts putting its fair-value price at around \$4 per share. But is it really valued that highly?

The next 12 months could see this stock hit the \$4 mark, or not. A lot has to happen to reach that point. The CSeries case, railway incidents, and the cost of the Global 7500 are putting strain on this stock and keeping it from reaching those prices it so hopes to make.

Yet over the long term, it looks like this stock will eventually recover. But honestly, it might be worth a wait for some reasonable revenue and profits and a string of strong quarters before putting your money on this stock. But if you like a bit of risk, you could double your money in 12 months if you buy this stock right now.

Baytex

Analysts don't see Baytex going anywhere but up in the next 12 months, also potentially doubling its share price to \$6 per share. The stock is still trading at a discount, despite a 35% share increase since February.

But like Bombardier, investors are still [worried about risks](#). Not helping is the oil and gas industry. But regardless, the company has managed to produce some positive earnings results, with revenue rising almost 60% in the last quarter, and net income rising to \$11.3 million. Once the company starts making a profit, its stock prices should soar.

Bottom line

If you're in for a bit of risk and volatility over the next year, then these stocks are certainly for you. While they all have an element of danger to them, they all have the potential to double in the coming months. They've been to those share prices before, so it's not completely unheard of.

However, if I'm putting my money on one stock today, it's Baytex. This stock has the balance sheet and increase in share price that puts it in a far more likely position to have some gains in the coming months, and once the oil and gas industry rebounds, shares could go up even further.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:ROOT (Roots Corporation)

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