3 Oversold Stocks That Could Be Great Buys Today

Description

Last week, the markets struggled yet again as many stocks continued to decline as a result of geopolitical fears and other concerns. The three listed below were among those that have been falling and they have also moved into oversold territory and could be attractive buys today.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) was down more than 5% last week as a disappointing earnings result weighed on investors. The bank fell short of earnings estimates and the company also increased its provision for loan losses by more than 20%. That's not a good sign, though given the increase in interest rates and rising debt levels, it's not that surprising.

As a result of the pessimism, the stock tumbled down into oversold territory with a **Relative Strength Index** (RSI) of just under 30. RSI looks at a stock's recent gains and losses and once it falls below 30, it suggests the stock is oversold and could be due to bounce back.

CIBC's stock was last oversold back in late March when it was around $105; just weeks later it would go on to rise to more than $110.
Despite all the selling, the CIBC is still a great stock, and it'll likely recover from this setback.

With a dividend yield of 5.4% and strong financials overall, there's little reason to be concerned about its long-term health.

Canadian Natural Resources Limited (TSX:CNQ)(NYSE:CNQ) has struggled in the past month, dropping 15% of its value despite reporting a fairly strong quarter that saw its profits rise by 65% year over year. However, with oil prices sliding in the past month, that's been more than enough to keep the stock from rising in value.

The share price recently dipped below an RSI of 30, and it too could be due for a bit of a rally. It might get some help from technical analysts, as the stock's 50-day moving average (MA) recently exceeded its 200-day MA, a very bullish indicator that could lead to more buying.

With OPEC indicating that it might keep production cuts in place and good news surrounding the Trans Mountain pipeline, there is no shortage of reasons for investors to buy up CNQ, especially with the stock trading at just 1.3 times it book value.

SNC-Lavalin Group Inc (TSX:SNC) is on the decline yet again, with the stock losing a quarter of its value since the beginning of May when the company released its quarterly results. With sales down and the company recording a loss of more than $17 million for the quarter, investors are concerned that SNC's troubles are not yet behind it. However, the company still maintains that it will be able to reach its outlook for 2019 despite the stumble out of the gate.

At an RSI of 20, the stock is deep into oversold territory. However, given the uncertainty surrounding the company and the bad press it has received lately, the sell-off has been warranted. The real question for investors is whether at a price-to-book multiple of 1.3, if SNC is a cheap enough buy given the risk that investors would be taking on.

Although the stock is trading at its 52-week low, the complexity around SNC makes it difficult to justify buying the stock just yet. However, for investors who aren't risk-averse, the potential upside might just be worth it.

CATEGORY

1. Dividend Stocks
2. Investing

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3. TSX:ATRL (SNC-Lavalin Group)
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