



3 Stocks Under \$20 to Buy This Summer

Description

The return of volatility in the late spring may have driven some investors to run for the exits. Central banks appear determined to calm nerve-wracked markets. Odds makers are now raising the possibility of a rate cut from the U.S. Federal Reserve in July. Some analysts expect that the Bank of Canada would quickly follow with a cut of its own.

This environment should alleviate some concerns for investors who are on the hunt for growth equities in the summer. Today, we are going to look at three that are priced under \$20 in June.

Heroux-Devtek

Heroux-Devtek ([TSX:HRX](#)) is a Quebec-based company that designs, develops, manufactures, and repairs landing gear and actuation systems and components for the aerospace market. Shares have climbed 31% in 2019 as of close on June 6. The stock is up only 2% from the prior year.

Last month, I'd discussed the trend of [rising military spending across the globe](#). This has been a thriving segment at Heroux-Devtek, and Canada is set to commit more investment to defence over the next decade. The company had a strong fourth quarter and full year in fiscal 2019. In the fourth quarter, consolidated sales grew 39.7% to \$157.9 million, up from \$113 million in the prior year. Defence sales rose 43.9% to \$79.9 million, now representing 50.6% of its consolidated revenues.

Management is forecasting solid growth in fiscal 2020. Heroux-Devtek stock is a little pricey in early June, so value investors may want to target a more favourable entry point later this summer. It closed at \$17 on June 6, only \$0.20 off its 52-week high.

Aurora Cannabis

Aurora Cannabis ([TSX:ACB](#))([NYSE:ACB](#)) is the second-largest cannabis producer by market cap listed on the TSX. Shares had dropped 15.7% month over month as of close on June 6. Back in April, I'd warned investors that slumping sales had the [potential to generate volatility](#) in the cannabis sector,

at least in the near term.

Aurora gained huge momentum after adding strategist Nelson Peltz in March, but that elusive big partnership has yet to manifest. Nevertheless, Aurora is positioned to see a huge ramp up in production in the second half of the year. Management is confident that the company is on track to deliver positive EBITDA by the beginning of Q4 fiscal 2019.

The stock is a solid target as it approaches single digits after its June 6th close. As of this writing, the stock had an RSI of 36, which puts it close to technically oversold territory.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has plunged 14% over the past three months as of close on June 6. The stock is still up 8% in 2019 so far. Like the previous equity, much of the excitement surrounding BlackBerry is for its revenue projections. In its most recent quarterly report, the company forecast fiscal 2020 revenue growth between 23% and 27%. This came off a year in which BlackBerry beat analyst revenue and profit estimates.

BlackBerry did not factor revenue growth from its recent acquisition of Cylance. This is because it will take roughly a year until integrated products are ready. However, the California-based company should bolster BlackBerry's end-to-end secure communications portfolio. Cybersecurity is a fast-growing market that investors should seek exposure to as we move into the next decade.

Shares of BlackBerry are now trading at the low end of its 52-week range. The stock had an RSI of 31 as of close on June 6. This puts BlackBerry right on the edge of technically oversold territory.

CATEGORY

1. Investing

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2. NYSE:BB (BlackBerry)
3. TSX:ACB (Aurora Cannabis)
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Date

2025/08/17
Date Created
2019/06/08
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