



3 Oversold Stocks That Are Now a Steal

Description

If you're a serious investor, then you're also likely a serious bargain hunter. Whether it's at the mall or at a computer, finding that perfect bargain price is something that gets your blood pumping.

If that's you, you're likely already aware of the beauty of finding strong, oversold stocks. For those unaware, a stock is oversold when the share price becomes so low that the stock is due for a bounce back. While that price rally might not come soon (for example, if an industry is doing poorly), investors are likely to watch that stock like a hawk over the next while and get in while the bargain lasts.

With that in mind, here are three stocks that have recently hit oversold territory that investors should consider.

Husky

As I mentioned, industry performance can have a hard hit on individual share prices. **Husky Energy** (TSX:HSE) is a perfect example of this. While the oil and gas industry continues to underperform, Husky put out disappointing [second-quarter earnings results](#), and shares slumped about 10%. The stock entered oversold territory that same day and has remained there ever since.

What investors should look at are the reasons behind the second-quarter slump, which seem to be one-time occurrences. A heavy maintenance schedule and non-routine write offs and expenses seem to be the reasons given, some of which were offset by a tax benefit from Alberta.

The stock is now well-below fair value of \$17 per share trading at under \$10, with analysts believing the stock could hit \$20 per share in the next 12 months. That's a potential upside of 100% as of writing.

Vermilion

Another stock [weighed down](#) by the oil and gas industry is **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)). For Vermilion, the icing on the cake came recently when it told investors that an outage at its France refinery brought down production, but things have been bad for well over a month now.

The stock hit oversold territory on June 21 and has since sunk lower by almost 20% at writing. The main problem investors are having with this stock is twofold: will the company bounce back and is its 12.26% dividend yield safe?

Basically, the hit to the France refinery was a huge hit to Vermilion. After poorer and poorer results, with an industry that's still in decline, Vermilion will need both the industry to come back and some more expansion before it can hope to win back investors. For now, its lower cash flow has moved the company down from "outperform" to "sector perform" by analysts.

Horizon North

Lastly, we have **Horizon North Logistics** ([TSX:HNL](#)). The company focuses on producing building solutions for both commercial and residential housing, which allows them to work within a variety of sectors from energy to forestry.

The stock hit oversold territory on July 18, as the company continues to slide further and further down. Yet analysts believe the slump is mainly due to overall market performance, and nothing Horizon is doing wrong. In fact, analysts therefore see this stock's immediate future as quite bright.

In the next 12 months, the stock could rise as high as \$4 per share, a potential upside of 133% at writing. Even if it doesn't get that high, with a market correction, the stock should at least get back to a share price around \$2.50 — an upside of 45%. The stock is already nearing the mark where it was oversold, so things might not stay that way for long.

Foolish takeaway

Oversold stocks can be a great opportunity for patient investors looking for a bargain. While I would likely stay away from Vermilion at this point, Husky offers the best chance for some great long-term gains. As for Horizon, this stock is quickly making a comeback and could potentially give investors some quick turnaround cash.

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