3 New Stocks Hitting 52-Week Lows

Description

When a stock hits a 52-week low, there are a lot of strings attached to that number. The company could be part of an industry plagued with lower stocks; earnings results could have been bad; recent news could have proven devastating; or the company could just be on a downward trend that has just been continuing downward for some time.

Investors should look for stocks with future growth potential that are plagued only with near-term issues. That's certainly been the case for the following three stocks, though each has its own story, and each one has been hit by industries that are currently struggling.

However, there are some things I'd like to point out before you consider buying up the stocks.

Cameco

Cameco Corp. (TSX:CCO)(NYSE:CCJ) is the world's largest uranium producer, down 22% year to date to around $12 per share and hitting its 52-week low in the process.

The stock had a recent boost after its quarterly report, but then dropped again soon after. Sales rose by 17% during the quarter, with revenue up 24% year over year.

But the problem remains the industry and tensions surrounding it. After Fukushima, investors just simply aren't sure whether uranium will make a comeback.

Of course, there are the 50 new reactors set to be built in China, but due to continued U.S.-China trade tensions, it's unclear whether that will be out of the way sooner as opposed to later.

Finally, there is a backlog of uranium, so it'll be years before Cameco can start ramping up production again.

If you're a long-term investor, there is definitely some money to be made with Cameco. But if you're hoping for some wins before the next decade, I'd perhaps stay clear for now.

Husky

Another stock hit by a hurting industry is **Husky Energy Inc.** (TSX:HSE). The stock is down about 30% year to date, hitting its 52-week low in the process around $10 per share.

The most recent share plunge of about 10% came after the company reported some less-than-ideal results.

Numbers were down pretty much across the board, with upstream production falling 10.5% to 268,400 barrels per day, funds from operations were down by almost half to $0.80 per share, and profit down 18% to $0.36 per share.

Meanwhile, the company also underwent some one-time costs of heavy maintenance and non-routine write-offs, but those were helped by a $233 million corporate tax cut from the Alberta government.

Despite a heavy quarter, however, analysts are still optimistic about this stock's future. Management expects free cash flow of $8.7 billion between 2019 and 2023, up from $4.8 billion.

Debt is also very low, so the company's free cash flow can be used to sustain the stock and its dividend. But again, that would benefit mainly the long-term investor in this case.

Encana

Of all of the options in this article, **Encana Corp.** (TSX:ECA) is probably the best risk versus reward scenario. The stock is down almost 30% year to date, with shares trading at around $5.75 at writing.

Encana has also been plagued by the oil and gas slump, with the stock now at pretty much rock bottom after posting a $6.8 billion loss in 2015 and a $1.2 billion loss in 2016.

That situation is exactly why investors have started to become incredibly excited by this stock, because at rock bottom, there's nowhere to go but up, right? After all, in 2017, the company posted a profit of $1.1 billion, and again in 2018 of $1.4 billion.

Yet with shares so low, Encana is wrapping up a $1.25 billion repurchase program of its shares, with analysts predicting the stock could rise as high as $15 per share once oil and gas rebounds.

Foolish takeaway

As always, I would recommend investors do their own research before buying up any of these options. Stocks that have hit 52-week lows are risky, and they've fallen for a reason, much of which I've outlined here.

While each one offer the opportunity for big rewards over the long term, some risk remains.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

PARTNER-FEEDS

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

Category

1. Energy Stocks
2. Investing

Date
2025/07/22
Date Created
2019/08/04
Author
alegatewolfe