



3 Stocks at 52-Week Lows: Should You Buy?

Description

Many top sectors on the TSX index have been punished this summer. Energy has been hit hard as rising global trade tensions and downward price pressure have broadly hurt equities. Today I want to look at three stocks that have grazed 52-week lows in the first half of August. Should investors count on a rebound for the remainder of the year? Let's dive in.

Rocky Mountain Dealerships

Rocky Mountain Dealerships (TSX:RME) stock hit a 52-week low of \$6.50 in trading on August 15. Shares had plunged 22% over the past three months.

Powerful headwinds have frustrated gains for stocks in the agricultural sector in 2019. Canada has enjoyed decent growing weather so far this year, while the United States has seen one of the wettest seasons on record. However, it has been macroeconomic trends that have held down RME and others. In its quarterly report, RME cited Canada's inability to make key progress on trade with major partners like China, India, and Saudi Arabia.

This is unfortunate, as RME posted a 15.3% year-over-year increase in gross profit in Q2 2019, and a 35.7% increase in sales. RME has been forced to withdraw its growth plan due to the lack of acquisition availabilities and the damp business climate in North America.

A resolution on the trade front appears remote at this stage. RME stock had an RSI of 26 at the time of this writing, which puts it in technically oversold territory. I'm staying away from RME even at a discount price due to the damaging macro headwinds it faces.

Resolute Forest Products

Resolute Forest Products ([TSX:RFP](#))([NYSE:RFP](#)) stock hit a 52-week low of \$6.08 in trading this week. Shares have plunged 40% so far in 2019. Resolute released its second quarter 2019 results on August 1.

The company posted net income of \$25 million or \$0.27 per share compared to \$72 million or \$0.77 per share in the prior year. Sales declined by \$221 million from Q2 2018 to \$755 million. Resolute struggled due to lower pricing in nearly all its business segments. Its pulp and paper segments have reported strong margins and cash flows, but headwinds in pulp and paper have been a source of frustration.

High global inventories are expected to keep downward pressure on pulp and paper prices in the near term. Nonetheless, Resolute aims to increase shipments in the back half of 2019. Right now, we're looking at a favourable price-to-earnings ratio of 3.2. The stock last had an RSI of 28, putting it in technically oversold territory. Resolute is a solid target if investors can stomach volatility in the short term.

Cameco

Cameco ([TSX:CCO](#))([NYSE:CCJ](#)) stock reached a 52-week low of \$10.70 in trading on August 15. The stock has plunged 30% in 2019 so far. In the second quarter Cameco reported that revenues had climbed 17% year-over-year to \$388 million while gross profit surged 62% to \$42 million.

The company praised the more hawkish stance by the Trump administration on foreign uranium trade, but the White House has backed off on this stance. Uranium prices have been locked in a bear market for over a decade, but there were finally some signs that it may experience positive price action. However, this decision will likely keep uranium price activity at normal levels in 2019 and beyond.

Cameco stock had an RSI of 25 at the time of this writing. This is technically oversold territory, but the state of the sector is troubling. Reactors have seen a ramp up in production, but there is still public anxiety over nuclear power. The macro story in the near term will likely keep a lid on Cameco's prospects going forward.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:RFP (Resolute Forest Products)
3. TSX:CCO (Cameco Corporation)
4. TSX:RFP (Resolute Forest Products)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

1. Investing

Date

2025/08/14

Date Created

2019/08/16

Author

aocallaghan

default watermark

default watermark