2 Dirt Cheap TSX Stocks to Target

Description

The **TSX Index** has suffered in the face of global volatility in the month of August. Sectors like energy and financials have been hit hard, which may leave investors wondering where to turn as we look beyond the summer. Today we're going to look at two stocks that have plunged sharply over the past few months.

It is prudent for investors to target industries with the potential to post growth even in a turbulent economic environment. Yield curve inversions are sprouting up in the United States, Canada, and other developed countries.

The chance of a global recession is increasing. Fortunately, the two stocks I will focus on today exist in spaces that have proven robust in difficult times.

Molson Coors

Molson Coors (TSX:TPX.B)(NYSE:TAP) is one of the largest brewers in the world. Shares of Molson have plunged 11.9% over the past three months as of close on August 15. This summer drop has pushed the stock into negative territory for the year.

The company posted an earnings and revenue miss in late July, pushing the stock down to 52-week lows. Sales were down across the board in the United States, Canada, Europe, and its international markets.

Molson blamed weak industry demand in these areas and "unfavourable weather." The relative decline of the beer market in North America has sparked a strategic shift at Molson, and it aims to offer more innovative drink options going forward.

Back in June I'd suggested that Molson was a solid target. After this disappointment the stock now has a price-to-earnings ratio of 12.6. Shares had an RSI of 32, which puts it just outside of technically oversold territory.

Cannabis edibles are set for legalization later this year, and Molson is well positioned to benefit due to its partnership with **HEXO**.

To top it off, the alcohol industry has been historically resilient during tough economic times. Investors need to see improvement on a micro level, but I still like alcohol stocks as recession risks build.

MAV Beauty Brands

MAV Beauty Brands (TSX:MAV) is a personal care company. The stock has struggled mightily in 2019. All the way back in February I'd asked whether it was a buy at a 52-week low. Shares set another low mark on August 15 as the stock closed at $4.70.

The company released its second quarter 2019 results last week. Revenue rose 10.3% year-over-year to $9.8 million and net income increased to $1.2 million compared to a net loss of $3 million in Q2 2018. Adjusted earnings per share came in at $0.06, which was just shy of analyst expectations.

"Affordable luxury" products have performed well in previous recessions. This trend was named the "lipstick effect" by Leonard Lauder in 2001 after he observed that lipstick sales tended to be inversely correlated to economic health.

According to *Euromonitor International,* nail polish, mascara, and eye liner all posted sales increases during the 2008-2009 downturn.

If you're betting on MAV's growth, these trends should make you smile. The stock had an RSI of 21 at the time of this writing, putting it well into technically oversold territory in the middle of August.

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3. TSX:HEXO (HEXO Corp.)
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