



2 Oversold Stocks I'd Buy Right Now

Description

The markets have been very volatile lately, and that could be great news for investors looking to score some bargains out there. Buying on the dip can help investors earn some good returns, especially if a stock has dropped in value as a result of the markets or short-term factors that won't impact its ability to grow over the long term.

The two stocks listed below are examples of quality stocks that have struggled recently but that still have a lot of potential and are good bets to recover from where they are today.

Great Canadian Gaming (TSX:GC) hasn't been doing well this year, as the stock has fallen more than 25% over the past six months. It has recently hit a new 52-week low, as it has dropped below \$40 for the first time since May of last year. For all the hype surrounding the stock and its [long-term growth](#), investors have simply not been impressed with the company's results.

That being said, Great Canadian has still been producing good numbers with sales up 16% in its most recent quarter, while profits have more than doubled.

The stock entered trading on Wednesday at a Relative Strength Index (RSI) of less than 29, putting it into oversold territory. RSI looks at a stock's trading activity, typically over the past 14 days, and when it falls below 30, that suggests there's been a lot more selling than buying, and that's when a stock is considered oversold by the indicator. It does not mean that the stock is due to reverse, but RSI can be helpful in finding stocks that may be close to bottoming out.

Great Canadian, however, has been in and out of oversold territory for the past few months. But now that the stock has hit a new low not seen in over a year, it could attract a lot more bargain hunters and start to trigger a rally.

NFI Group ([TSX:NFI](#)) is a stock that's been struggling even more than Great Canadian has. In the past year, NFI's share price has been cut in half, and year to date it is down by more than 20%. Shrinking profits and modest sales growth have given investors little reason to get excited about the stock, even despite a strong outlook for the future.

Also like Great Canadian, NFI's stock has struggled to stay out of oversold territory and it's also near an RSI of 28, which is actually up from where it was earlier in the month. In NFI's case, however, the stock is trading at levels not seen in over three years.

Although investors may be discouraged by the company's recent results, it's important to remember this is a good long-term hold. NFI has a strong business model, and with the company focusing on cleaner vehicles, we could see a lot more growth in the years to come. The good news is that while investors wait for the stock to turn things around, they can collect a great [dividend](#).

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