Are These 3 Beaten-Down Stocks Bad News or Buys?

Description

Now is a great time for investors looking for a bargain. The recession coming in has beaten-down stocks that usually perform quite well under regular circumstances but, with a downturn, have put investors on edge. Yet that doesn't mean all stocks fit into this category.

There are a few out there that while the share price might look cheap, investors should pause and consider whether now is indeed a time for investment. Let's look at three stocks that have been beaten down by the markets and discuss whether it's better to get in on the cheap or wait for a better buy.

Canopy Growth

Canopy Growth (TSX:WEED)(NYSE:CGC) is still in the running to be the top cannabis producer in the world at this point. Yet after a major loss of $2.28 billion was reported by the company last month, shares have slumped in half from all-time highs to around $35 per share as of writing.

While some investors think now is the time to buy, I would perhaps hold off before picking up shares of this stock. That's because the company has been making tons of announcements but doesn't have much to show for them.

Granted, Canopy hit record production numbers last quarter, but it has a long, *long* way before reaching profits. Until Canopy can let investors in on how it plans on reaching those profits in the next three to five years, I would perhaps hold off any major investment for now.

Enbridge

Another stock taking a hit is **Enbridge** (TSX:ENB)(NYSE:ENB), and there are a couple of factors at play here. The pipeline company was already being hit by the slump in oil and gas prices. Then came a downward trend in the markets. Then came the delay of its Line 3 pipeline project, and finally came a horrible accident at its construction site that left one person dead.

No wonder investors are a bit wary of Enbridge at the moment.

However, this bad news has actually offered an opportunity for investors, as Enbridge has a majorly bright future ahead. The company is already supported by long-term contracts but stands to make a killing over the next few years.

By 2021, the company has $16 billion in growth projects set to come online, with $3 billion more after that. Along with this is the fact that the reason the oil and gas industry is down is due to *lack* of pipelines. So, when Enbridge has these projects completed, shares prices should soar.

CIBC

Finally, we have **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), and herein lies the tricky stock choice. On the one hand, CIBC has been beaten down for fairly good reason. The company has shown it just isn't quite as prepared as its peers when it comes to an incoming recession. It is the most Canadian of the Big Six Banks, so it would be hit quite hard by a downturn in the markets.

However, Canadian banks still fared as some of the best in the world during the last recession, and this one won't be nearly as bad as the last. That means stocks like CIBC should jump right back to share prices seen before the recession hit in practically no time at all.

Does that make today's investment worth it? I'm not so sure. It might be better to go with other Big Six banks if you're looking for some recession protection, but CIBC could be a great option if you want some great returns after the recession. It might be best to buy a small stake in CIBC while you wait out the storm, and once it passes, re-evaluate your position.

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