Top Income Stocks at 52-Week Lows I'd Buy in February

Description

If you're wary of putting money to work with as the markets flirt with all-time highs, consider looking to the 52-week-low list for potential value stocks.

Be careful, though, as the real bargains are likely surrounded by cigar butts, value traps, and perennial underperformers that could continue to drag.

In this piece, we'll look at two stocks at 52-week lows that I believe are a great value for those willing to hold for the next year and beyond.

Without further ado, consider the following:

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR), the global fertilizer kingpin formed in the merger between Potash Corp. and Agrium, continues to feel the pressure caused by a low agricultural commodity price environment.

Despite downgrades by select analysts, the folks at RBC Capital are still optimistic with their "outperform" rating and favourable year-ahead outlook.

According to analysts, Nutrien has a "strong operations and solid management" and trades at a multiple with a "favourable upside/downside return profile," also noting that the fertilizer market is poised to recover in 2020.

There's no question that the decision on Nutrien is split among analysts. While potash prices are in need of relief, retail operations are more than enough to keep the dividend growing at a modest pace moving forward.

With new proprietary products becoming exclusively available at retail locations, I see an opportunity for Nutrien to benefit from the rise of agricultural biologicals, while the demand for traditional commodities like potash and nitrogen look to bounce back.

At the time of writing, Nutrien sports a 3.9% dividend yield, with shares trading at 1.3 times sales and 8.6 times cash flow, a low price to pay for those hungry for deep value.

Husky Energy

Forget 52-week lows. **Husky Energy** (TSX:HSE) is an integrated energy company whose stock is touching down with multi-year lows thanks to continued pressures in the Albertan oil patch.

More recently, concerns over the new coronavirus that's been spreading from China has weighed on oil prices (WTI prices plunged to a seven-week low just shy of US$56) are to blame for the recent bout of selling pressure for a company that's struggled to deal with a lower oil price environment.

While it's nearly impossible to predict where oil is headed next, there's a value proposition to be had with Husky given the stock is trading at severely depressed multiples after many years of being a falling knife.

The stock now has a more sustainable 5.5% dividend yield and trades at 0.5 times sales and just 2.5 times cash flow.

The magnitude of the decline suggests that Husky's a firm that's under severe financial difficulty. But this isn't the case as integrated operations can help further bolster operating cash flows as oil continues to hover around in limbo.

The balance sheet also looks a heck of a lot healthier than most of its junior peers, so at these valuations, I'd nibble away, as the company slowly but surely continues its migration toward low-sustaining-capital projects.

CATEGORY

1. Dividend Stocks
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

Category

1. Dividend Stocks
2. Metals and Mining Stocks

Date
2025/07/23
Date Created
2020/01/24
Author
joefrenette