Top-Ranked Stocks to Buy Right Now

Description

For investors looking to test their mettle in times of uncertainty, identifying the top-ranked stocks to buy is a worthy challenge. Despite rhetoric to the contrary, not every company is a buy-on-the-dip candidate.

It is always best for investors to invest in high-quality stocks with strong fundamentals. These are the stocks that will protect your portfolio against further downside and give it a boost when the markets inevitably rise.

With that in mind, here are the top-ranked stocks according to Zach's investment research. Investing in companies like these can provide investors with the potential for outsized gains and, according to analysts, have limited downside.

A top-ranked gold stock

It is not surprising to see a gold stock appear on the top-ranked list. Gold is a safe haven asset and the industry tends to outperform during times of uncertainty. **Newmont** (TSX:NEM)(NYSE:NEM) has held up quite well amid the current downtrend. Over the past month, a period when the S&P/TSX Composite Index has lost 18.19% of its value, Newmont has rewarded investors with gains of 10.92%.

Newmont's success is not surprising, considering it is one of the world's largest gold producers. It has active operations in Nevada, Peru, Australia, and Ghana. As of December 31, 2019, it had gold reserves in excess of 100 million ounces.

Newmont is trading at a price-to-earnings (P/E) ratio of 12 times, which is well below the industry average of 23.50 times earnings. Over the next five years, the company is expected to grow earnings by an average of 20.08% annually. This gives it a P/E-to-growth (PEG) ratio of only 0.6, which is among the lowest in the industry. In light of these valuations, Newmont is well positioned to deliver regardless of market conditions.

An undervalued tech stock

Celestica (TSX:CLS)(NYSE:CLS) is another stock that finds itself on the list of top-ranked stocks. As one of the largest electronic manufacturing companies in the world, the company is well positioned for growth. Over the past month, Celstica's stock has been hit hard along with the wider market, losing 28.49% of its value.

As a result, Celestica is now firmly in oversold territory with a 14-day relative strength index (RSI) of 19. A 14-day RSI under 30 indicates a company's stock is oversold. This implies that the company is due for a short-term bounce.

Celestica is also a value play. It is trading below its book value (0.61). It is also trading at a low P/E of 10.58 and an ultra-low 7.53 times forward earnings. This is well below the industry averages for these metrics, which are 1.11, 13.03, and 9.58 respectively.

Furthermore, analysts expect 33% average earnings growth over the next couple of years for this promising company. The average analyst price target is $12.48 per share, which implies 62.5% upside from today's price of $7.68 per share.

There also appears to be limited downside to the CLS stock, as the lowest price on the street is $11.55 per share. In light of this, even if the company reaches the most bearish target, investors are still looking at 50% upside.

Foolish takeaway

During difficult markets, it is a great idea to look for high-quality companies trading at bargain prices. When it seems like most investors are on the run, it takes courage to go against the herd. There is always the possibility that your choices will fall further before they recover. But if you are in for the long term, and choose stocks in companies with solid fundamentals, you have the potential for outsized gains when markets eventually recover.

CATEGORY

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:CLS (Celestica Inc.)
2. NYSE:NEM (Newmont Mining Corporation)
3. TSX:CLS (Celestica Inc.)
4. TSX:NGT (Newmont Mining Corporation)

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