



Market Crash 2020: 2 Stocks Near Their 52-Week Lows

Description

One of the good things that a market crash can do is create some attractive buying opportunities. Many stocks are trading at their lows for the year, and it could be a good time for investors to buy shares. Below, I'll look at two stocks that are near their 52-week lows and assess whether they're likely headed lower or if they're bargain buys today.

Cenovus

Cenovus Energy ([TSX:CVE](#))([NYSE:CVE](#)) isn't just near its 52-week low, but the stock is the lowest that it's ever been thanks to this market crash. Last week, the stock barely stayed above \$2 a share. Between the coronavirus pandemic and low oil prices, there's ample reason to bearish on oil and gas stocks. Cenovus also has had a [strong correlation](#) with the price of oil in the past. And unless Russia and Saudi Arabia patch things up and the oil price war ends, it may be a while before shares of Cenovus will be able to mount much of a recovery.

Oil and gas stocks were already risky buys before all the turmoil hit in March. Now, there's even more reason for investors to pull away from Cenovus and the oil and gas industry in general. Despite its low price, there's not much hope that Cenovus will turn things around anytime soon.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) hasn't been able to avoid a similar fate, as the market crash has resulted in its shares trading around their 52-week lows as well. However, the stock is not as risky as Cenovus. While Couche-Tard needs people driving and on the roads for its convenience stores to generate sales, it at least doesn't have to also worry about a low commodity price. A low price of oil may actually do wonders in a typical year, as it could encourage more driving.

But that's not going to be the case, at least, not for the foreseeable future. Until fears surrounding COVID-19 subside and people are able to resume their regular lives, Couche-Tard's financials are going to take a hit. However, over the long term, it's still a good buy, as its convenience stores add

value for consumers. Couche-Tard will likely recover from this, as the government is doing everything it can to help businesses during this crisis, and the company isn't in that bad of shape to begin with. Buying shares of Couche-Tard today could yield some significant returns in a year or two.

Investors shouldn't buy just because prices are low

This market crash is going to put many stocks near their 52-week lows. But before investors decide to buy shares of any company, they should assess its prospects for the future. Many oil and gas stocks, for instance, may not come out of a prolonged [recession](#), especially if oil prices remain as low as they are today. And so whether a stock is trading at five-, 10-, or even 20-year lows, that doesn't mean that it's a good deal.

In a market crash, investors need to consider more than just prices and valuation multiples. They need to consider qualitative factors as well. Both Cenovus and Couche-Tard are cheap stocks today. But I'd only bet on the latter coming out of this market crash, especially if it goes on for more than a year.

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