



The Most Over- and Undersold Stocks of 2020

Description

The **TSX Composite** is still a hair's breadth away from reaching that overbought territory, currently still around 65 on the Relative Strength Index (RSI) scale. This means overall, there are likely plenty of stock being overbought at the moment. However, there seem to be just as many oversold stocks as investors continue to look for get-rich-quick stocks out there.

But consider this: those oversold stocks can also be a great buying opportunity for investors looking to get rich. You simply need to be a bit patient. After all, many of them offer way less risk than the overbought counterparts. So let's look at the most over and undersold stocks of late.

Gold stocks

Investors got in on gold as billionaire investor Warren Buffett recently changed his tune. The investor's firm recently got into gold by buying a stake in **Barrick Gold Corp.**, but then selling about 40% of that stake. This left many gold mining companies dropping as well.

One of those stocks included **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL). The company entered oversold territory a couple weeks back and hasn't really recovered since. Of course this was also after a major rise in share price from the Barrick venture. But if investors want a great bet, Kirkland provides it. The company has been acquiring mines around the world, creating a diverse portfolio to pick up the slack in production. While shares are down about 8% in the last year, those shares are up 542% in the last four years! That's a compound annual [growth](#) rate (CAGR) of 135%!

Banks

It looks like many investors also think the market has completely rebounded. Many are undergoing some vaccine euphoria, with a vaccine now being distributed around the world for COVID-19. But there's bad news. It could take years to come back from the virus and create pre-crash revenue. And we're also well into the same financial strain the world experienced even before a pandemic.

So banks are not exactly a great get-rich scheme at the moment. The Big Six Banks remain above 75 on the RSI, and continue to climb. But these stocks are likely to fall when another market crash happens, and most economists believe it will happen. So be careful before picking up these stocks. Instead, wait for a crash. Then you can take your pick of the Big Six Banks and likely see huge returns over the next few years and beyond.

Real estate

Real estate is another area seeing a huge boost with positive pandemic news. But as we've seen, lockdowns continue to happen. In fact, there are other things to consider. Even after the pandemic many businesses may change the way they work. Office buildings may be used less and less. Brick and mortar store locations won't be as necessary. All this means real estate investment trusts (REITs) should be chosen wisely.

But if there's one stock that will continue to do well pandemic or not, it's **WPT Industrial REIT** (TSX:WIR.UN). The company continues to see revenue rise as e-commerce booms. Its light industrial property means it doesn't rely on production or brick and mortar stores. In fact, it continues to expand its properties.

Bottom line

These industries have been completely swayed by the pandemic, and that's the problem. You need to look beyond the pandemic as an investor. There are opportunities, of course. But will you want those stocks years or even decades from now? Make sure you know for sure before buying in bulk. And that goes for even solid banking stocks.

Instead, wait for a dip and you can be sure you'll see at least some large return in the short term, with even more to come.

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Author

alegatewolfe

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