



3 Stocks Under \$5 to Buy in August 2021

Description

The month of August was a mixed bag of good and bad news. It started with some recovery-driven earnings, but mid-way through the month fears around the fourth wave escalated, pulling the stock market to a [correction](#). But these fears are short-lived as vaccination rates are increasing. There will be pandemic waves, and global economies will see some challenges as they ease lockdown restrictions. But sooner or later, things will return to normal.

Stocks under \$5

If you already missed the recovery rally that the vaccine news kickstarted in November 2020, don't miss this reopening rally. It doesn't take much to invest in stocks. Below I have identified three stocks trading below \$5 a share that hold significant upside potential.

Chorus Aviation

Chorus Aviation ([TSX:CHR](#)) stock dipped more than 19% since July as the fears of the fourth wave haunted the aviation sector. But you can't ignore the 126% recovery rally the share showed between November 2020 and June 2021. In the third wave, the share bottomed at \$4 (April 20) and recovered 23% in less than two months. Today, it is back to the \$4 price.

I am not here to tell you the dip and rise of the stock price. That you can see from the stock price graph. Instead, I am here to show you the trend and tell you about the possibility of another cycle. Chorus shares bottomed out at \$3.9 on August 19 and are now climbing the recovery rally as the Canadian government eases travel restrictions. It will see an increase in demand for leasing services when leisure travellers take to the skies. There is room for a 20% plus upside when the recovery returns.

Bombardier stock

Bombardier ([TSX:BBD.B](#)) stock saw a V-shaped recovery in August. The business jet maker is in the middle of a

[turnaround](#) after years of losses and heavy debt. The company offloaded its train business to Alstom and used the proceeds to repay \$2.7 billion in debt. Now, it has three years of breathing space to focus on business rather than debt.

It is also seeing growing demand for business jets and has upped its 2021 delivery guidance to over 120 aircraft from 100-120. The hopes of recovery have put Bombardier stock in a long-term uptrend, surging 466% since November. Buy this share while it is still growing.

Hive stock

Hive Blockchain Technologies ([TSXV:HIVE](#)) is a stock I am bullish on because of its expertise in blockchain technologies. Blockchain is a decentralized ledger system that shifts the power to validate a transaction from a central authority to all those in the network. This removes the risk of hack as the hacker will have to compromise all the systems in the blockchain. Many companies are exploring [real-world applications](#) of blockchain-like digital identity, digital voting, copyright protection, and real estate transfer.

At present, Hive earns most of its revenue from the most widespread use of blockchain, cryptocurrency mining. It mines Bitcoin and Ethereum and earns money by selling them and validating transactions. Hence, Hive stock is influenced by BTC price fluctuations. But in the long term, the stock will be more stable as it ventures into different blockchain avenues.

Foolish takeaway

While the aforementioned three stocks have significant upside, the upside comes with risks. They are penny stocks and do not appear on the **TSX 60** index. Hence, they do not enjoy high liquidity as large-cap stocks. But these small-cap stocks can give you the level of growth that large-cap stocks can't give. I would suggest investing less than 10% of your portfolio in such shares to balance the risk with some less risky stocks.

CATEGORY

1. Coronavirus
2. Investing
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TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:CHR (Chorus Aviation Inc.)
3. TSXV:HIVE (Hive Blockchain Technologies)

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