2 Undervalued Stocks I’d Buy Today

Description

The **S&P/TSX Composite Index** fell 36 points on September 9. Industrials and telecoms took the biggest hit on the day. Today, I want to look at two undervalued stocks that have sent off buy signals over the past week. Let’s jump in.

Why this cannabis stock looks cheap right now

HEXO (TSX:HEXO)(NASDAQ:HEXO) is an Ottawa-based company that produces, markets, and sells cannabis in Canada. It boasts the top market share in the cannabis-infused beverages market. Shares of HEXO have plunged 44% in 2021 as of close on September 9. I’d discussed why this undervalued stock was on my radar in early August. This is still a stock worth buying on the dip.

The company unveiled its third-quarter 2021 results back in June. Revenue fell 29% from the prior year to $22.6 million. This was due to weaker sales in Quebec and Alberta, as some of its cannabis products did not meet quality checks. Worse, HEXO posted negative adjusted EBITDA of $10.8 million. This was a sore spot, as it is locked in competition with other producers who have achieved or are close to achieving profitability.

HEXO is still well positioned to benefit from its recent acquisitions that will close in the latter half of this year. However, it will need to tweak its strategy when it comes to its product offerings. Moreover, increased competition has eaten into its advantage in the cannabis-infused beverage space. HEXO will have to prove the doubters wrong in the quarters ahead.

Shares of HEXO last had an RSI of 20. That puts this undervalued stock well into oversold territory.

One more undervalued stock I’m still looking to add

Real Matters (TSX:REAL) is an Ontario-based company that provides technology and network management solutions to mortgage lending and insurance industries in Canada and the United States. Shares of this undervalued stock have dropped 38% in the year-to-date period. The stock is down 51%

year over year.

This stock was my top pick for the month of August. It has failed to gain momentum in the late summer, but I'm not off the bandwagon. The North American housing market continues to look strong in the face of historically low interest rates and surging demand. Real Matters is perfectly positioned to benefit.

The company released its third-quarter 2021 results on July 28. Consolidated revenues climbed 9.6% from the prior year to $129 million. Real Matters achieved record revenues in its U.S. Appraisal and Canadian segments. The company had launched eight new lenders in U.S. Title in the year-to-date period at the end of Q3 2021. Moreover, it launched six new lenders in U.S. Appraisal.

Shares of Real Matters last had a favourable price-to-earnings ratio of 22. This puts the undervalued stock in better value territory than the industry average. Real Matters last had an RSI of 35. This puts it just shy of technically oversold levels. However, it is still worth scooping up as we approach the middle of September.

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aocallaghan